

THE ECONOMIC POLICY OF THE UNITED STATES  
AFFECTING COMMERCIAL RELATIONS WITH  
GREAT BRITAIN, 1863-73.

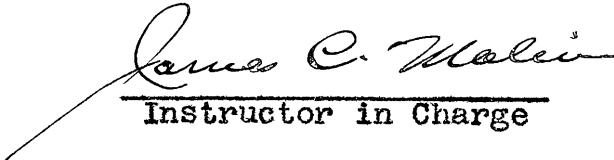
by


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Table of Contents.

Introduction	page viii
Part I. Economic Relations Between Great Britain and the United States	1
Chapter I. Economic Conditions in the Two Countries	2
1. In Great Britain	2
a. Leading Trade Districts with Their Products	2
b. General Economic Conditions	6
(1) A Period of Prosperity, 1863-65	7
(2) A Period of Depression, 1865-69	10
(3) A Period of Prosperity, 1869-73	13

# Table of Contents continued.

c. Tariff Policy	page 15
2. In the United States	19
a. The Important Crops and Products	19
(1) Protests Against Export Duties	21
b. New Business Opportunities	22
c. The General Conditions of the Country	25
(1) National Debt and Taxation	25
(2) State of Trade	25
(3) Financial Panics	26
Chapter II. Trade Relations	29
1. The Civil War Period	30
a. Trade Restrictions	30
b. The Blockade	32
(1) Violations	32
(2) Depredations on American Commerce	35
(3) Relation to the Lancashire Cotton District	38
2. Exchange of Commodities	43

Table of Contents continued.	page
a. Imports to the United States from Great Britain	43
b. Exports from the United States to Great Britain	45
c. Trade Balances	47
3. Shipping Conditions	47
a. In the Two Countries	47
b. Causes for the Decline in American Shipping	49
c. Contemporary Opinions	52

## Part II.

Chapter III. Effect of British Govern- ment Attitude and English Public Opinion on the Policy of the United States	56
1. Acts and Attitude of the British Government	56
a. Changing British Opinion	56
b. Position Taken by the Govern- ment	59
2. Contemporary Opinions	62
a. By 'Certain Americans	62
b. By Certain Englishmen	65



Table of Contents continued.	page
3. "The Key-note of British Attitude"	67
4. Effect on the United States	69
Part III. Evidences of the Policy of the United States	71
Chapter IV. The Tariff	72
1. History of Important Tariff Acts	72
a. Morrill Tariff of 1861	82
b. Tariff Act of 1862	73
c. Tariff Act of 1864	74
d. Wool and Woolens Act of 1867	76
e. Copper Tariff of 1869	79
f. Act of 1870	80
g. Act of 1872	81
2. Policy Shown in Bills That Were Passed	83
a. Tariff Act of 1862	83
b. Act to Modify Tariff, 1863	85
c. Tariff Act of 1864	85
d. Act of 1870	88
e. Act of 1872	95
3. Policy Shown in Bills That Were Not Passed	98
a. Act of 1865	98
b. Act of 1866	98
c. Act of 1867	99

Table of Contents	continued.	page
4.	Opinion Outside of Congress	103
a.		
a.	Protectionists	103
b.	Free-Traders	107
c.	Moderates	107
Chapter V.	Shipping	109
1.	Remedies Proposed for the Im-	
	provement of American Shipping	109
2.	Great Britain Attacked in Con-	
	gressional Debates	111
a.	Act of July 25, 1868	111
b.	Bill Proposed in 1870	112
c.	Bill Proposed in 1872	117
Chapter VI.	Relations With Canada	119
1.	The Reciprocity Treaty of 1854	119
a.	Provisions of Treaty	120
b.	Congressional Discussion on	
	Abrogation	121
(1)	In 1864	121
(a)	Arnold's Amendment	122
(b)	Morrill's Substitute	124
(2)	In 1865	125
(a)	Speeches Favoring	
	Abrogation	125

Table of Contents concluded.	pages
(b) Speeches Against	
Abrogation	127
c. Termination, 1866	129
d. Great Britain's Request for a	
New Treaty	130
2. Discrimination Against Canada	
in the Tariff	131
3. Annexation Schemes	133
Appendix - An Anti-Protectionist Point	
of View	137
References	139
Bibliography	172

## Introduction

The period under consideration was one in which domestic problems were of primary importance in the United States. "The Making of the Nationalized Federal State", was the problem before the country from 1865 to 1887. Reconstruction in the South as well as better relations between that section and the North were matters of vital importance. This period also saw a cementing of the East and West by means of the Pacific Railroads. Big business interests were assuming unusual proportions.<sup>1</sup>

The decade, 1863-73 is especially considered in this study. During this decade, the country at large appeared to have little interest in commercial relations with other nations. At any rate, the Commercial and Financial Chronicle, the leading periodical of its kind in the United States, showed little reaction to foreign affairs. It confined itself largely to such internal questions as: the Civil War, Reconstruction, the

condition of crops, and the state of the government's revenue. It was, however, apparent that there was need for more interest in commercial relations with other nations.

In the preparation of this thesis, I have been directed by Professor J. C. Malin of the University of Kansas, whose constructive criticism and helpful advice I very much appreciate. The assistance of the Library Staff in the collecting of material is also much appreciated.

Part I

Economic Relations Between Great  
Britain and the United States

## Chapter I

### Economic Conditions in the Two Countries.

A survey of economic conditions in both Great Britain and the United States will make possible a clearer presentation not only of the trade relations between the two countries but also of the economic policy of the United States. For this survey the sources used are, United States Consular reports and miscellaneous government documents, and British and American periodicals. In treating Great Britain the following subjects will be considered: the leading trade districts, the periods of prosperity and depression, and the tariff policy together with government regulations. Likewise, in the United States, the most important industries, the general economic condition of the country, and new business opportunities will be reviewed.

The leading trade districts in England and Ireland, as shown by the United States consular reports for this period, were

as follows: Bristol, Cardiff, Falmouth, Cork, Leeds, Bradford, Nottingham, Huddersfield, Hull, Carisle, Belfast, Dublin, Coventry, and Sheffield.<sup>1</sup> The Bristol district was composed of Bristol, Birmingham, Worcester, and other smaller places. With its mines of coal and iron, both of which were shipped to all parts of the world, with its large supply of salt, with its manufactures of cotton, wool, linen, and silk, not to mention numerous other commodities, Bristol was rightly called the leading commercial port of the kingdom.<sup>2</sup> In spite of this splendid outlook for trade, Mr. Eastman, the United States Consul, reported in 1866, that no successful arrangements had been made to secure the important trade of the Bristol district.<sup>3</sup>

Cardiff and Falmouth were both mineral districts. The former, although not much mentioned in the consular reports, was known for its coal and iron.<sup>4</sup> Falmouth, with its supply of minerals, supported a population of nearly 3,000,000. The most important of these minerals were copper, lead, tin, zinc, iron, coal, and pyrites, while gold, silver, arsenic,



and earthy minerals were of minor importance.<sup>5</sup>

Cork, in Ireland, was characterized by its good harbor as well as by its flourishing industries. This harbor was often used as a port of refuge for ship repairs. The most important products of Cork were cured provisions, porter, malt, woolens, leather, and paper. The spinning of flax and weaving of cotton both began during the period under consideration, the former in 1865 because of the high prices of cotton resulting from the American Civil War, the latter in 1869.<sup>6</sup> As early as <sup>1863</sup> Mr. Eastman referred to the unusual opportunities for the cultivation of flax in this district. Another advantage for Cork was the fact that the telegraph, built in 1863, placed the port six hours nearer America.<sup>7</sup>

Leeds, with a population of 220,000 in 1867, was the center of the woolen manufactures in England. The leather and linen thread trades were also prominent, the latter being the largest industry of its kind in the world.<sup>8</sup> Mr. Marshall, the United

States Consul, reported in 1864 an increasing demand for iron and steel in Leeds.<sup>9</sup>

Bradford, the principal seat in England of stuffs and worsted stuffs, appeared to be in a very prosperous condition during most of this period. The United States Consul stated in 1869, that, with a town tariff, business with the United States would rapidly increase.<sup>10</sup> The trade in worsted piece goods and carpets became especially prosperous following the American Civil War, due to the need of the South for such goods. A model village with a "model mill", three miles out of Bradford, contributed much to the well being of the locality.<sup>11</sup>

The remaining districts show a variety of interests. Nottingham always suggests to one the lace of that name, which was the leading manufacture, followed closely by the hosiery trade.<sup>12</sup> Mills for fine woolen coating gave Huddersfield a prominent place industrially.<sup>13</sup> Hull was prominent in the consular reports for its exports of color, paints, varnish and cliff-stone, Carisle for linen threads, dyed cottons, and nursery plants, Belfast for muslins, linens, threads, and handker-

chiefs, Dublin for linens, porter, old iron, and whiskey, Coventry for bead goods, silk goods, and watches.<sup>14</sup>

No description of Great Britain's trade districts would be complete without mention of Sheffield. Very few years passed without consular reports from this district, which was noted for its steel and cutlery trades as well as for calf-hair goods.<sup>15</sup> Mr. Abbott, the United States Consul for this district, stated in 1870 that the manufacture of calf-hair goods was a comparatively new industry, and was an imitation of seal skin. Many women of the United States wore coats of this material and though they were wearing real seal skins.<sup>16</sup>

It is interesting to note the change from prosperity to depression, and visa versa, in Great Britain during these years. The period opened in 1863 with very prosperous economic conditions for the country in spite of interruption in the cotton trade alleged to be due to the American Civil War. By 1865, however, a decline had set in, followed by financial panic in 1866. This depression continued

through 1867 and 1868. By 1869 improved conditions were apparent, and from that year to the close of the period under consideration, 1873, British economic and commercial conditions rapidly improved and once more showed a prosperous state.<sup>17</sup> Explanations of these periodic changes show a number of causes and indeed some unexpected facts.

A "most striking commercial phenomenon" in 1863 was the increase of Great Britain's export trade. As the bulk of the country's export trade is made up of manufactures, this increase indicates a decided growth in manufactures; and that, in view of the American Civil War, calls for some explanations. Some reasons given for this unusual growth were namely: Stimulation of manufactures because of cheap food all over the world, purchase of raw materials in new countries, and increased manufactures of woolen and linen goods due to the dearness of cotton manufactures.<sup>18</sup> Further reasons for this marked development in spite of the cotton depression were explained as follows: scientific discoveries had increased the fields of industry in

England, so that one trade had not so much control as formerly; fiscal and legislative protection had been abrogated some eighteen years before this period began; gold discoveries in Australia and California had increased foreign trade; in the last twelve years fifteen or twenty millions of new gold had been added to the markets of the commercial world.<sup>19</sup> From what has been said, it is evident that the delusion, "Cotton was King of England", retained for a long time by some Englishmen as well as by many Americans, was dissipated.<sup>20</sup> More will be said later concerning this delusion and its effect on Great Britain and the United States during the American Civil War.

The crops in 1863 showed similar prosperity in England, although the state of agriculture in Ireland was more fluctuating. In the latter country there was a decrease in the wheat, oats, barley, and rye crops, but an increase in the potato and flax crops. It seems that the population of Ireland had been decreased by one-third from 1847 to 1863,

through emigration to the United States and to the British Colonies. This emigration together with the new policy of land owners for grazing farms, helps to explain the decrease in the crops mentioned.<sup>21</sup>

As has been said prosperous trade conditions continued into 1864. The crops in Ireland (for the year) were reported as encouraging. It is interesting to note that iron was by this time being used to replace wood for the construction of steam ships.<sup>22</sup> However, a writer in the Economist saw fit to sound a note of warning, in that he suspected the soundness of such unusual augmentation in trade. He stated that the magnitude of the country's liabilities might prove to be too much for the limited resources.<sup>23</sup>

Great Britain continued in a prosperous condition through 1865, although some changes gave reason for anxiety. There were six principal subjects before the country, the close of the American Civil War, fluctuations in the price of cotton, changes in the rates of discount, revived demand for exports to America, new banks, and the tendency to higher wages.<sup>24</sup>

However, some people saw the folly in an insistence on higher wages, since prices, especially in metals, were on the decline. Four of the principal metals declined in price during the year, copper, seventeen per cent., iron, ten per cent., lead, four per cent., and tin, thirteen per cent. The Economist referred to the fact, that the new tariff in America had cut off one outlet for iron.<sup>25</sup>

The year of 1866 was described as a year of pestilence, war, scarcity, and Irish discontent. The panic in London was the greatest since 1827. Mr. Dudley, the United States Consul at Liverpool, gave as the reason for the panic, the fact that Great Britain had been for years buying more than she sold. Balances had collected; pay day had come.<sup>26</sup> It seems that the British government looked to the United States in more than one way for relief from this panic. Charles Francis Adams, United States Minister to Great Britain, wrote Secretary of State Seward, that relief was expected when gold remittances came from the United States. He also mentioned peace in Europe as a

contributing factor in relieving the country.<sup>27</sup> About a month before this communication was sent, Adams had also written Seward, that the Chancellor of the Exchequer wished to consult with him concerning the taxing policy of the United States. Adams spoke of the supposed policy of the United States, that is maintaining high rates of taxation to pay off the debt by degrees. The Chancellor admired the American system and desired to introduce it into Great Britain, so that annual deficiencies might not accumulate.<sup>28</sup>

Comment in 1867 was, that a "miserable" year had just ended and a "miserable" year had probably just begun. The annual trade reports concerning the crops, metals, cotton and woolen industries, and concerning commerce in general showed a gloomy record. However, since the adoption of free trade, the harvest question was not such a serious one, according to a statement made by Mr. Dudley, United States Consul at Liverpool. All metals, except tin, decreased in price during the year. The export of tin had increased from 1,342,503



pounds in 1865 to 1,942,100 pounds in 1867. The iron trade of Sheffield was never in a worse condition previous to this year. 1867 was the gloomiest year, on record, in regard to the cotton trade, due in part to decreased supplies of raw material from America and India. The Lancashire district was still in a state of poverty. Market prices in wool tended downward during the latter part of year for a number of reasons: a very large clip, depression in the manufacturing districts, dullness in home trade, bad markets abroad, want of confidence due to failures of past two years, prohibitory American tariff, and a deficient harvest. The prices in wool were the lowest since the Panic of 1848. In view of these conditions the year was not favorable to commerce.<sup>29</sup>

The year 1868 saw some improvement although many industries were still in a state of depression. The woollen, oil, silk, and iron, (to a limited extent), trades showed some improvement. The cotton trade had not as yet revived, due partly to illusions as to the large size of the American crop. Reference was made

several times to the prohibitory American tariff as a reason for continued gloominess in trade.<sup>30</sup> Agricultural statistics presented a brighter picture. These figures showed that Great Britain's population was at least comfortable. The proportion of produce of animal food to the population was much better in England and in the United States than in other countries.<sup>31</sup>

Much more improvement came in 1869, especially in agriculture. The wheat crop was still under average but good enough to keep bread from being dear for some time. There were excellent crops of barley, oats, and potatoes, showing an increase respectively, of 104,853 acres, 28,001 acres, and 44,758 acres.<sup>32</sup>

Commercial conditions were climbing upward by 1870. The cotton trade was improving and promised to be much better after peace between France and Germany. The sugar trade was very satisfactory, since supplies of the raw article had increased during the Franco-Prussian War. The trade in hides was good because German successes made it possible for England's largest buyers to resume their operations. Iron

was in much demand for railroads, steamships, and bridgework. Tobacco manufacturers were more successful than in the year preceding.<sup>33</sup> The wool supply had increased 349 per cent in the last thirty years.<sup>34</sup>

The next three years saw a rise in prices of commodities. This was due chiefly to three causes: cheap money, cheap corn, and improved credit.<sup>35</sup> Coal was 60 and 100 per cent. higher in price in 1872 than in the previous year. The increase of manufactures contributed much to this increased price of coal. As coal rose in price, so did iron. A writer in the Economist of July 13, 1872, predicted that this high level of prices could not be long maintained.<sup>36</sup> In the following year another article in the Economist deprecated the dearness of coal. Although the price of coal was high, coal itself was not scarce in the mines. Strikes had served to make it deficient in the markets, since the laborers felt that they should have some of the profits accruing to the mine owners. The writer went on to say, that since coal was as necessary to manufactures as food was to man, the cost should

be reduced and production economized.<sup>37</sup>

Great Britain was supposed to have adopted the free trade policy as early as 1846, with the abolition of the Corn Laws; since that time the government had seemingly maintained that policy. The first distinct enunciation of the doctrine of free trade was in 1820. Then came, after much agitation, the repeal of the repeal of the Corn Laws in 1846. Not until 1849 however, was the whole foreign trade of Great Britain thrown open to unrestricted competition. In 1862 the coasting trade was still confined to native ships. All legislation upon the tariff has had in view reductions for the interests of domestic producers of manufactured goods, and has resulted in increasing the export trade. The scope and purpose of British tariff legislation was summed up by Sir Robert Peel in 1842. According to this summary, the purpose was to reduce duties, on raw materials to almost a nominal amount, on half-manufactured articles, to a moderate amount, and on completely manufactured articles to an amount that would permit competition between foreign and domestic

manufactures. When England determined to adopt the free trade policy, she was the leading manufacturing nation of the world, and could easily defy competition in her own market. The manufacturing interests of Great Britain grew under a protective system.<sup>38</sup> Specific examples will be given in the following paragraphs to show whether or not Great Britain has maintained the doctrine of free trade in practice.

The British government evidently found it necessary to impose protective duties from time to time. An article in the North American Review, in October of 1862, gave some facts concerning English duties on imports. Imports to the amount of nearly \$120,000,000 were then being levied on foreign productions. Of this \$27,000,000 was placed on tobacco importations alone, and \$19,724,420 of this amount on American tobacco. To make a comparison, customs revenue in the United States for the same year amounted to \$49,000,000, with \$18,072,887 on English manufactures.<sup>39</sup>

There was some dissatisfaction, particularly with duties on tobacco. Mr. Gladstone, in 1863, proposed a reduction of

duties on manufactured tobacco. A writer in the Economist assured the country that this proposal did not refer to unmanufactured tobacco, which yielded a revenue of "...more than 5,000,000 pounds sterling."<sup>40</sup>

Mr. Dudley, United States Consul at Liverpool, in his report of 1866, spoke of an "unwritten chapter" upon the free trade policy of Great Britain. He asserted that when it was written, if a revolution on the subject were not affected, at least many "devotees" of free trade would be astonished. The country was finding it impossible to compete with the cheap labor of Europe. As a result the shops of Liverpool were filled with French silks and with fabrics, gloves and laces from the continent, to the exclusion of English manufactures. At that time the government was giving indirect protection to home products. For example, by internal revenue laws, manufactured silver plate was taxed eighteen pence per ounce, distilled liquors were taxed by the gallon. Mr. Dudley gave the conclusion, that as British manufactures had been built up under a prohibitory policy, the government would again resort to the same policy when it was thought necessary. He

was prepared to see Great Britain "...take a back track before ten years."<sup>41</sup>

In 1869 there was some protectionist agitation, particularly in the Lancashire district. The Economist believed there was not much to the movement, that it was only human nature for a state, when not in a prosperous condition, "... to rush to protection." Lancashire had for several years been in a depressed state because of declining cotton trade. This periodical, however, urged free traders not to be discouraged, but to congratulate themselves that their policy had so long escaped criticism.<sup>42</sup>

Great Britain has at times levied excessive duties on imports going into her colonies, although she has given consideration to protests against such duties. In 1873 the tariff, on rum and tobacco imported into the British possessions on the Gold Coast of Africa, was increased. Mr. Fish protested to Mr. Schenck, United States Minister to Great Britain, that the United States would be seriously affected because there had been no warning of

the increase. When Mr. Schenck communicated this protest to the British Secretary of Foreign Affairs, the latter promised to bring the matter before his government for consideration.<sup>43</sup>

The products, the supply of which most affected economic conditions in the United States, were cotton, corn, tobacco, wheat, petroleum, coal, copper, salt, iron, steel, and flour. The output of these products showed more or less fluctuation throughout the period. The Civil War of course materially affected the cotton crop. From 1860 until 1865 there was a steady decline in the total crop, with 4,669,770 bales in 1860 and only 500,000 bales in 1865. But in 1866 the crop had reached 2,151,043 bales. There was a limited drop in 1867, and an increase in 1868. This process continued throughout the period until 1873, when the total crop had reached 3,930,508 bales.<sup>44</sup>

Copper was considered of so much importance that a Copper Tariff was passed in 1869. More will be said concerning this later. Copper was to be found in several regions, the most prominent probably being the Lake Superior region. Other regions having copper were the



Appalachians, the Shawangunk mountains in New York, the states of Connecticut, New Jersey, Pennsylvania, Maryland, Vermont, and some of the Southern States. American copper had the reputation of having greater tenacity and toughness than that of Europe.<sup>45</sup>

The production of salt gave promise of increased supplies. Before the Civil War, the annual output amounted to 250,000 bushels. In 1863 this amount had increased to 2,200,000 bushels, and in 1864 to over 3,000,000 bushels. In spite of this increase it was thought that the Atlantic States would continue to procure much salt from abroad. American dairymen seemed to have a preference for English salt.<sup>46</sup>

By 1867 the manufacture of Bessemer steel was receiving much attention in the United States. The building of railroads, both in United States and England, furnished one incentive for this manufacture. Bessemer steel rails were being used upon the most important railroads of England. However, steel manufacturing was also receiving increased attention in England. In Sheffield, prominent for its steel manufactures, the works of Messrs.

Vickers, Sons, and Company, with the latest improvements, were completed in 1867.<sup>47</sup> In the discussion of the tariff policy of the United States, conflict of interests will be shown in regard to steel. The United States government sought to protect American steel against that from England.

The taxes, imposed on some of these most important commodities, brought forth protests from several sources. In 1866 the Revenue Commission, in its report to the President, recommended a tax of five cents per pound on native cotton. The plan was to collect this tax from the manufacturer at the place of consumption and from the merchant at the place of export. The Commission estimated that the government would, within a year, collect a revenue of \$40,000,000 in this way. In following years a revenue of \$50,000,000 was anticipated.<sup>48</sup> At that time there was already a tax of two cents per pound on cotton. Several memorials were presented to Congress protesting against this increased tax and asking for repeal of the present rate. The New York Chamber of Commerce sent in one such memorial and argued that "taxation without re-

presentation" was unjust. The Constitutional Convention of Alabama and the State Legislature of Tennessee, in 1867, sent in similar memorials. The Constitutional Convention of Georgia, in 1868, followed suit.<sup>49</sup> Resolutions also came to Congress asking for repeal of the tax on crude petroleum, so that production and exportation might be as great as possible. The Legislature of Pennsylvania sent in two such memorials.<sup>50</sup> The tax on tobacco gave further occasions for protests. The State Legislature of Tennessee sent to the House, resolutions to this effect in 1867.<sup>51</sup> The Commercial and Financial Chronicle, in 1865, had protested against these taxes on tobacco and petroleum especially. The writer expected that in the future, exports of tobacco and petroleum would constitute nearly two thirds, in value, of the total shipments of the United States.<sup>52</sup> Therefore it is evident that many people throughout the country desired a revision of taxes so that production and the export trade would be enlarged.

A number of new business opportunities were suggested during the period. Com-

missioner Isaac Newton, in 1865, advised the cultivation of flax as a new venture. He proposed to substitute flax for cotton, where possible, since the growth of the latter was hindered by the Civil War.<sup>53</sup> In the following year the same commissioner, as well as the vice-consul at Bradford, informed the government of the opportunity for cultivating "China Grass" in the United States. The cotton growing states would be well adapted to such a crop. A limitless market in England was held out as an inducement for the new undertaking. Bradford firms had succeeded, by chemical means, in working up this grass with the warp of cotton. The manufactured article served as a substitute for worsted.<sup>54</sup> A new material for paper was also discovered about this time. New Jersey manufacturers sent, to the Secretary of the Interior, samples of paper manufactured from sedge grass. This sedge grass grew abundantly on tide water flats. The paper was very white and clear, and could be manufactured for twenty per cent. less than any other variety in use.<sup>55</sup> Toward the close of this period circumstances

pointed to the increase of the United States iron trade. There was the possibility of developing a cheaper and more abundant production of iron in the United States than England. Some English capitalists were, in 1873, making liberal investments in coal and iron lands. These investments were more particularly in Virginia and West Virginia. A number of English journals predicted that, within the next few years, much of England's iron manufacturing would be transferred to the United States. In fact one consumer in South Staffordshire, failing to secure satisfactory terms from British manufacturers, had concluded a contract with a Pennsylvania rolling mill for 3000 pounds of finished iron.<sup>56</sup> By 1873 importation of British iron in competition with the American product had almost ceased. The bulk of iron imported into America then was in the form of the crude metal, which furnished raw material for manufactures.<sup>57</sup> As will be shown later the United States tariff also had something to do with this.

The prosperity of the country was affected by the usual conditions that attend a war. Because of the large war debt it was necessary for Congress to increase internal taxation to an enormous extent. The people of the North, however, rallied bravely to the support of the government..

Trade was naturally in an unsettled condition during the war. Immediately following the war trade was remarkably active. By 1867 trade was again much depressed, due to several causes: there was natural reaction from activity of trade immediately following the war; the gold premium had declined; consumption was curtailed; there was pressure from taxes; no definite conclusions had been reached by Congress, as to the policy in reconstruction, the tariff, banking, and currency. Many people were out of employment. The New York World declared in 1868 that there were 50,000 idle men in the city. Philadelphia, at the same time, had 25,000 idle working people. Similar reports came from Baltimore, Boston, Chicago, Cincinnati, St. Louis, New Haven, New Bedford, Troy, and Louisville. Added to this

was the unfortunate condition of the negroes in the South, who would not work when they could.<sup>58</sup> The protective policy in the tariff, according to Mr. Wells, Commissioner of Inland Revenue, was contributing much to bad trade conditions in the United States. Mr. Wells affirmed that the tariff served to raise the price of goods in addition to checking foreign importations. He said that America was keeping herself poor by the protective policy, and that the United States would be an unprofitable customer of England for some time.<sup>59</sup>

There were three financial panics within the period under consideration, one in 1864, another in 1869, and still a third one in 1873. A writer in Harper's Monthly Magazine described both panics of 1864 and of 1869.<sup>60</sup>

By April, 1864, almost every manufacturer in the country had become a gambler in stocks. Gold fell 40 per cent., and goods stocks, 60 per cent. Wall street was indeed a "pitiable sight". This panic even surpassed that of 1857.

The Panic of 1869 came unexpectedly.

The country had expected a crisis after the war; but when the crisis didn't come, the people had settled down. In 1869 there was a decided plan to corner the gold market. The leaders of this movement were a young Englishman, representative of a London Banking House, and a New York Operator. Certain individuals worked behind the scenes to enforce the plot. These individuals were the Erie clique, Jay Gould, James Fisk, F. A. Lane, and H. N. Smith. These conspirators appeared to understand that the government would not interfere with them in their plan to corner the gold market. The leaders, mentioned above, proceeded to buy up the gold, prices began to soar, many brokers panic stricken began to buy, and all were ruined except the members of the clique. The crash came on "Black Friday", September 24, 1869.

The Panic of 1873 was brought on by the general conditions of the country rather than by a clique of individuals. This crisis was in one respect similar to that of 1857, in that it was largely due to the rapid development of railway interests. Much money had been



borrowed, even in Europe, for such investments. Europe reached the place where she could loan no more. Many unfinished railways were bound to go to the wall.<sup>61</sup> There were other contributing causes for the panic. The large amount of inconvertible paper money proved too much for the government. Then there was government interference in banking. The currency and banking laws of the United States were very unstable.<sup>62</sup> Some effects of this panic were, however, minimized by the use of the Atlantic cable. Shipments of gold to America from London were thus hastened. It may be said that "prospect of relief" as well as "real relief" has great effect during a panic. Conditions in 1873 thus presented a contrast to those in 1857 when there was no cable.<sup>63</sup>

The preceding discussion has served to give some idea of the economic conditions in the United States and Great Britain during the years, 1863 to 1873. The former, a great producer of raw materials, has shown some development in the manufacturing industries. The latter, one of the leading manufacturing nations of the world, has found it necessary to look for new sources of raw materials.

## Chapter II

### Trade Relations

Trade between United States and Great Britain, during the period under consideration, showed much fluctuation. Check on trade really began with the first year of the war, in 1861, and continued through the war period.<sup>1</sup> Mr. Chapman gives several reasons for this decreased trade. American industry had become disorganized in the general turmoil which accompanied the war. There were also transportation and frontier difficulties. Diminished supplies of cotton were sent to Great Britain on account of the blockade of Southern ports. On the conclusion of peace there was an increase in trade for a short time. But in 1867 there was another slump. The Wool and Woolens Bill, passed in 1867 by the United States Congress, had a bad effect on trade, just as had the Morrill Tariff of 1861.<sup>2</sup> The year 1870 saw another revival of trade between the two countries, and the expansion continued through-

out the remainder of the period, reaching its apex in 1872. Various causes are given for this rise in trade. There was a railway mania in the United States from 1869 to 1873. The economic value of the Bessemer process of making steel was a contributing factor. Improvements in steamships and building of railroads were bringing about quicker means of communication. "World markets" were being produced. With higher economic standards the southern part of the United States was making better progress. New manufactures especially were being developed in the South.<sup>3</sup>

In this chapter various facts concerning trade, and conditions affecting commercial relations between the countries will be discussed. There were some restrictions placed on trade because of the Civil War. The blockade presented a serious difficulty to both nations. The shipping interests of Great Britain as well as those of the United States showed changes at the close of the period.

In view of war conditions the United States government deemed it necessary to place restrictions on the export of certain articles

of trade. Lyons, British Minister to the United States, carried on a correspondence of over eight months with Secretary of State Seward, concerning the exportation of live stock from the United States. The Governor General of Canada had protested to Lyons against the detention of live stock by the customs authorities at Niagra suspension bridge. Seward replied to the effect that this was in accordance with an executive order, and admitted of no limitation or exception. By order of the President the exportation of arms, munitions, and ammunitions was prohibited. Seward further explained that the need of meat and coal during the crisis of the war had given occasion for this order. He assured Lyons that these restrictions were the result of no unfriendly spirit towards Great Britain.<sup>4</sup> The executive order was however modified to permit the exportation of anthracite coal to Canada, except by sea. This modified order would continue in force so long as the Canadian government prevented re-exportation of coal or its use in sea-go-

5.

ing vessels. The purpose was of course to keep coal from being sent to the Confederacy.

The blockade of the Southern ports was a source of much irritation between Great Britain and the United States. Violations by British subjects and treatment of the latter by the United States occasioned bad feeling. Depredations on United States commerce brought forth protests from the government. Then there was the effect of the blockade on the Lancashire cotton district. This district was not affected as many English and American people believed it would be. The effect of the stoppage of cotton supplies on account of the blockade was also much exaggerated by British merchants, and accordingly misunderstood by many people of both countries.

The establishment of the blockade of Southern ports, with which the American Civil War really began, very soon caused trouble. The British government agreed to recognize a properly constituted blockade, but insisted on the right to carry on commerce with both belligerents.<sup>6</sup> Mr. Adams writes: "It was a period

of many minor irritations, arising out of the blockade inflicted by America on British interests, but to these Russell paid little attention except to enter formal protests."<sup>7</sup> A few specific examples will be given. It appears that certain merchants and capitalists of London entered into a plan for smuggling by way of the Rio Grande. This was in connection with a movement for a loan to the Confederacy.<sup>8</sup> There was also an alleged project for shipping supplies from Bermuda to the Confederates. When Adams protested to Russell, the latter declared that the parties to this project were American and not British subjects. Great Britain could therefore not interfere. Seward however wrote Adams that even though evidence was uncertain, Great Britain should take measures against the execution of such a plan.<sup>9</sup> There was likewise some correspondence regarding British trade with Matamoros in Mexico. The impression of the British government was that the United States government intended to stop this trade. Lyons protested that this intercourse was legitimate and his government was

not responsible if the goods were later sent to the Confederate States. He warned Seward that if British trade was hindered, the government would protect her flag. This subject was a surprise to Seward. He replied that certain English and American subjects held mercantile speculations, more than peace between the two countries, a matter of importance. These people, he said, were responsible for creating this impression in regard to trade with Matamoros.<sup>10</sup>

The British government protested against the position taken by the government of the United States, in regard to blockade running. Adams wrote that the British government regretted violations of the blockade by its subjects, but this did not warrant a treatment of these subjects in a manner contrary to international law.<sup>11</sup> Russell later wrote to Adams that acts of the Confederate States did not justify the order of the United States; that British subjects captured on blockade runners be treated as enemies. Vessels should be captured only when they attempted to violate

a properly constituted blockade. Mr. Adams answered, that British subjects, in acception the regulations of the Confederates, became allies of the latter, and as such justified this treatment by the United States government. Adams however agreed to refer the matter to his government.<sup>12</sup>

The depredations on American commerce brought about even more irritation than these violations of the blockade. Although many ships gave the United States cause for complaint, the Alabama's piratical career is probably the most famous. Mr. Adams wrote Mr. Seward, in November of 1863, of his intention to bring before Lord Russell the piratical depredations of the Alabama, "Gunboat, 290." Mr. Adams acknowledged the difficulty of establishing proof that vessels were equipped in British harbors for the purpose of preying on American commerce. A few days later Lord Russell received Mr. Adams' note concerning the Alabama. Papers from Washington as well as from the Consul at Liverpool established the fact: that this vessel was outfitted in England to prey on Northern Com-



merce. The vessel was built in the dockyards of a commercial house in London, the chief member of which was a prominent man in the House of Commons. The construction of the vessel showed it was for war-like purpose rather than for legitimate trade. The directors of construction were connected with the Confederates. Although the Alabama was commanded by Americans, it was manned by English seamen, and used a British flag for protection. The United States Minister further declared that it was his feeling that the British government would not countenance such proceedings. He also asked for redress for national and private injuries, and for the prevention of these depredations in the future. Mr. Seward approved the course taken by the United States Minister. Lord Russell denied that his government was responsible for the piracy of the Alabama.<sup>13</sup> Later, when Collier, an eminent Queen's Counsel, gave the opinion that proof against the "290" was conclusive, Russell was seriously concerned. But the Alabama had sailed by that time. The gunboat, after sail-

ing, received guns and munitions by a ship, the Bahama, sent out from England for that purpose. This war vessel then "... entered upon a career of destruction of Northern Commerce."<sup>14</sup>

The British government, on Mr. Adams' protest, however, succeeded in stopping the "Laird Rams." It was alleged that these two iron-clads, built by the Laird Brothers at Liverpool, were vessels of war and intended for the use of the Confederate States. Appeals also came from English people that the government seize these ships.<sup>15</sup> Liverpool merchants, who before had favored such ventures, now began to doubt their wisdom because of the remarkable success of the Alabama. English interests might after all suffer in the end.<sup>16</sup> At first Russell took the position that he could not order the seizure of the Rams without evidence. The Northern plan, "to create a cruising squadron blockade by privateers", undoubtedly had much effect on both Russell and Lyons. Russell had intended, for some time, to seize the Rams, but was looking for stronger evidence as to their purpose. When it was seen there was danger of their escape, the vessels were seized

without the desired evidence.<sup>17</sup>

The claims growing out of these depredations as well as other claims both of Great Britain and of the United States were settled by a series of conventions and treaties. By one provision of the Claims Convention of 1869, representatives of both governments were to meet at Washington to settle claims.<sup>18</sup> Then by Article One of the Treaty of Washington, in 1871, it was agreed to refer claims concerning the Alabama to a tribunal of Arbitration to meet in Geneva Switzerland.<sup>19</sup> The Alabama claims were finally settled by the Geneva Award and in favor of the United States.

Apparently the American Civil War, with the blockade of Southern ports, caused the distress in the Lancashire cotton district; in reality the depression would have come without the war. The mass of British people believed America was responsible. The "Cotton Lords" of England intentionally deceived the people.<sup>20</sup> The markets of the world, prior to the war, had been glutted with English cotton goods. A cessation of manufacturing was therefore welcomed by

English manufacturers.<sup>21</sup> The American Civil War thus came at a propitious moment for British manufacturers.

Great Britain showed, during the war that American cotton was not essential to her welfare. Cotton was not "King of England". It had been the feeling of the South that Great Britain and France would be compelled to aid the Confederacy because of the need for cotton. Hammond of South Carolina said in 1858, "No power on earth dares make war upon it. Cotton is King" A writer in De Bows' Review declared, "Slavery is the backbone of the Northern Commercial as it is of the British manufacturing system." But the South was laboring under a delusion that lasted until the war was almost over. Southern people believed the British government would make any sacrifice to prevent the stoppage of the cotton supply.<sup>22</sup>

There were, however, some real hardships in the Lancashire cotton district. Cotton manufacturing in England surpassed all other industries in 1860. To show the importance of Lancashire, out of 2,650 English cotton

factories, 2,195 were in Lancashire and two adjacent counties. These factories employed 500,000 operatives, and used 1,000,000,000 pounds of cotton each year. An editorial in the London Times, September 19, 1861, said that one fifth of the entire English population depended on the prosperity of the cotton districts. The Board of Trade Returns for April, 1861, described the situation as dangerous, with such large imports of raw cotton and decreased exports of goods. Shipments of cotton from America had been rushed to England because war was anticipated. This made not a shortage of supply at the beginning of the war but an accumulation of raw stocks. The effect of the war for the first few months was felt in the importing and speculative markets rather than in the manufacturing districts.<sup>23</sup> Since stocks of manufactured cotton were piling up increased numbers of operatives were thrown out of employment. As a result poor relief had to be given to more and more people. In normal times, out of a population of 2,300,000, financial assistance was given to 48,000. Very soon 412,000 were receiving relief, and at the

high tide of distress, December, 1862, the number reached 550,000.<sup>24</sup> By the close of the year 1863 this distress was somewhat abated due to several relief measures. Some had found work in the flax and worsted trades of Yorkshire and other districts. These two trades were indeed stimulated by the depression in Lancashire. A few people had emigrated to other countries. Agriculture and other outdoor work had given employment to a small number. Then some Lancashire mills had resumed work.<sup>25</sup> Public works were also begun on a large scale, and more of the operatives thus found employment.<sup>26</sup>

It became evident during the war that Great Britain could get cotton from other sources than the United States. Early in 1863 the Economist brought out the fact that India could grow the kind of cotton England required. If the British government would devise a plan to teach the peasants the best methods of raising cotton, India would soon be furnishing large supplies and at as low prices as American cotton.<sup>27</sup> In 1864 it was estimated that India sent to Great Britain 647,500,000 pounds of

cotton out of a total importation of 976,000,000 pounds. Egypt ranked second in the amount sent, while the United States had dropped to third place. Increasing supplies were also coming from China, Turkey and Greece, Brazil, the West Indies, Italy, and Malta. It was predicted that if the supply of American cotton was kept back for even two more years, not only Great Britain, but Europe as well would become independent of United States cotton.<sup>28</sup> However the Economist expressed the hope for the renewal of supplies from America, since much of the cotton from other places was mere "rubbish".<sup>29</sup>

From what has been said it is evident that the British government did not break the blockade for several reasons. Southern cotton was not so necessary to England as the Confederates thought. Other sources were discovered. Decreased supplies further relieved English manufacturers, although operatives were thrown out of work. Then Bright expressed the opinion of many Englishmen when he said in reference to breaking the blockade, "I don't think myself it would be cheap . . . at the cost of a war with

the United States."<sup>30</sup>

Although the Civil War caused some interruption of trade, by 1866 commerce was growing rapidly between the United States and Great Britain. Imports to the United States, during the war, did not decrease as much as exports from the country. The blockade of Southern ports and requirements of the Northern States explain this difference.<sup>31</sup> The value of exports from the United States to Great Britain increased nearly twenty five per cent. during the five years ending with 1872. In the same period the value of imports to the United States from Great Britain almost doubled.<sup>32</sup> By the close of the year 1873, however, balance of trade was in favor of the United States.<sup>33</sup>

The lists of imports into the United States from Great Britain showed a great variety of commodities. Manufactures of cotton, linen, silk, and wool held an important place. Carpets, worsted stuffs, and waste and shoddy should be mentioned particularly. Of metals the most important were copper, tin, nickel, iron, and Britannia metal. Scrap iron and railroad iron



came in large quantities. Then there were imports of coal, salt, salt peter, and alkalis, as well as supplies of machinery, hardware and cutlery, earthenware and porcelain, leather, paper, books, and spirits. In addition Great Britain sent some tropical products, the most significant of which were tea, coffee, sugar, and India rubber.<sup>34</sup>

For the entire period most of these commodities showed an increased supply to the United States, although there were a few exceptions. England sent, after the war more woolen and linen manufactures, but less cotton goods.<sup>35</sup> The United States was developing, under changed economic conditions, new manufactures of cotton. A comparison of the imports of these three manufactures, in 1860 and 1868, illustrates the difference mentioned. Great Britain sent to the United States, of linen manufactures, 59,988,000 yards in 1860, and 85,155,000 yards in 1868. Of worsted stuffs, 52,537,000 yards were sent in 1860, while 69,465,000 yards came over in 1868. On the otherhand, the import of cotton manufactures had decreased from 226,963,000 yards in 1860

to 72,822,000 yards in 1868.<sup>36</sup> England began shipping to the United States increased supplies of goods in 1866. Anticipating a high American tariff English merchants in that year prepared to send many more goods.<sup>37</sup> British steel rails gave another example of heavier imports. The figures for 1869 were 299,196 tons, for 1871, 511,059 tons.<sup>38</sup> The expansion of British export trade to the United States was a subject for comment in the London Times in 1866.<sup>39</sup>

Although the commodities sent from the United States to Great Britain did not present as much variety as those received, nevertheless the former were of much importance to Great Britain. The British people depended on other countries for their food supply and raw materials, and the United States furnished much of these. The most significant of these exports were as follows: cotton, tobacco, petroleum, iron, steel, wheat, corn, flour, breadstuffs, and meat products.<sup>40</sup>

Practically all this export trade showed marked decrease during the Civil War. Exports of wheat decreased from 8,704,401 cwts. in 1863

to 1,177,618 cwts. in 1865. Of flour, 2,531,822 cwts. were sent to Great Britain in 1863, and only 256,769 cwts. in 1865.<sup>41</sup> Exports of corn declined from 8,819,139 cwts. in 1863 to 1,183,689 cwts. in 1865.<sup>42</sup> Cotton exports dropped from 1,115,890,608 pounds in 1860 to 6,394,080 pounds in 1863. But there was an increase in the following year, and in 1865, cotton exports had climbed to 135,832,480 pounds.<sup>43</sup> Exports of petroleum showed fluctuations. They increased a great deal from 1862 to 1863; and began to decline again in 1865.<sup>44</sup>

After the war a part of this export trade rapidly improved, while a part was quite <sup>slow</sup> in reviving. By 1866 corn exports were on the increase, wheat and breadstuffs by 1867. As has been said, cotton exports had begun climbing in 1864. Petroleum however, continued to drop for some time.<sup>45</sup> Increased exports were made up principally of provisions and breadstuffs. The pork trade grew rapidly, from over \$5,000,000 in 1871 to over \$74,000,000 in 1874.<sup>46</sup> The tobacco trade should also be mentioned as one of growing proportions. England was receiv-

ing additional supplies of both manufactured and unmanufactured tobacco. The United States sent to Great Britain 3,171,906 pounds of manufactured tobacco in 1867, as contrasted with 2,709,872 pounds in 1854. Within the same period unmanufactured tobacco showed an increase from 32,492,848 to 54,374,800 pounds. These figures show that consumption of tobacco was on the increase in England. Even more American tobacco would have been sent, had it not been for the heavy import duty placed on the article by the British government.<sup>47</sup>

The balance of trade was in Great Britain's favor during the larger part of the period. The Secretary of the Treasury reported in 1866, that notwithstanding the heavy export trade of the country, the United States was still largely in debt to Europe.<sup>48</sup> But in 1873 the Secretary gave a more encouraging report. During the twenty years previous, the United States had exported more than \$1,000,000,000 of gold and silver over and above the amount imported. But in 1873 the balance, with England as well as with the rest of the world, was in favor of the United States.<sup>49</sup>

The shipping conditions of Great

Britain and the United States during this period present quite a contrast. Whereas Great Britain's merchant marine was steadily growing, that of the United States showed a decline until the last few years of the period. Of the tonnage of the world in 1861, Great Britain owned over one third, the United States nearly another third, and other nations the rest. More than twenty five per cent. of the trade with the United States was done by foreign vessels in 1861. During the war the registered tonnage of the country fell from 2,642,628 tons to 1,602,528 tons, a loss of 1,042,582 tons. This loss amounted to about forty per cent of the foreign commerce of the United States. On the other hand Great Britain's tonnage was increasing.<sup>50</sup> In 1868 the Secretary of the Treasury reported that the exports as well as the imports of the United States were being carried in foreign bottoms.<sup>51</sup> A tonnage report in 1869 stated that British tonnage had increased from 196,000 tons in 1854 to 379,000 tons in 1868. During the same time American tonnage had been almost extinguished.

Great Britain's increase amounted to 120 per cent as opposed to thirty seven per cent for other nations.<sup>52</sup> By the close of 1873 the Secretary of the Treasury could give a more favorable report. The carrying trade was showing slight gains. During that year twenty seven per cent. of the exports and imports were carried in American vessels, which was a gain of three per cent. over the previous year. Ship building in the United States was on the increase.<sup>53</sup>

A number of different causes have been given for this decline in American shipping. Mr. Eastman, Consul at Bristol in 1867, gave three reasons for the decline from 1861 to 1867. The United States merchant marine had been destroyed by British privateers during the Civil War. The monopoly of trade with Great Britain had been secured by Italy, Sweden, and Germany. Furthermore the United States had not exported much grain during the period.<sup>54</sup>

In the consular report of Mr. Morse in 1867 more causes for this decline are found. The Rebellion brought on much destruction by rebel corsairs. Many were sold to foreigners

or placed under foreign flags. The substitution of steam for sailing vessels gave Great Britain many advantages over the United States. As American ships were preferred from 1850 to 1860, Great Britain became alarmed and set about to improve her carrying trade and her vessels. It was soon found that the cost of keeping an iron vessel was less than that of a wooden one. British steam navigation therefore developed rapidly. The increased cost of building ships placed the United States at a disadvantage.<sup>55</sup>

The Economist gave the causes for shipping depression as two-fold. American taxes were not equally imposed in that they favored the simple industries and fell heavily on the compound. Ship-building was a compound industry; articles used in the making as well as the finished product were taxed. The second cause was that the United States was <sup>a</sup>comparatively new country. Ship building and ship owning were not suitable trades for a new country. With the advance in the use of iron, America lost the advantage of a good timber supply. There was

also a scarcity of skilled labor in the United States.<sup>56</sup>

Mr. Chapman gave some additional causes. According to his statement the American Navigation Laws contributed a great deal to the decline. Vessels with free material in their structures were forbidden the coasting trade for more than two months. Then foreign partnerships, command of vessels by foreigners, and repurchase of American vessels were forbidden. He also gave the opening of the Suez Canal in 1869 as a contributing factor, since this gave England a good start and the United States was too weary to recover lost ground. The law, that movement takes place along lines of least resistance, was also applied to the depressed shipping condition of the United States. England was taxed out of American markets by high tariffs and substituted shipping services to pay her debt.<sup>57</sup>

The Secretary of the Treasury, in 1868, explained continued shipping depression as due to financial legislation and high taxes consequent upon the war. He stated that shipping interests were prostrated by the war, but



should be restored for the best welfare of the country.<sup>58</sup>

Many of these above mentioned causes were emphasized in the government reports and leading periodicals of the day. The Economist, in 1863, commented on the restricted coasting trade of the United States. All coasting trade had to be carried on in vessels owned by citizens of the country. During the last forty years several attempts to modify this requirement had been voted down by Congress.<sup>59</sup> Mr. Cobden, in Parliament in 1863, deplored the fact that Great Britain had "... rendered the mercantile marine of America practically valueless." He urged the prohibition of building as well as of arming ships for the Confederates. He referred to the fact that, because of high rates of insurance, Americans had been selling their ships to English ship owners.<sup>60</sup> The Economist again in the following year spoke of the depredations of the Alabama.<sup>61</sup> In 1865 the report was: that 715 ships had been transferred to British registry during the war.<sup>62</sup> The Secretary of the Treasury in his report for 1866,

declared that the United States could not profitably build ships nor successfully compete with English ships in the transportation even of home products. Ships could be built much more cheaply in the Canadian provinces than in Maine. He advocated the exemption of raw materials, used in ship building, from taxation.<sup>63</sup> As late as 1870 the deplorable condition of American shipping was still a subject for comment. Congress had protected American manufacturers to such an extent that the cost of an iron-built vessel in the New York dockyard was about forty per cent. greater than in Clyde. Furthermore the Registry Law of the United States prevented Americans from taking advantage of the Franco-Prussian War to purchase foreign ships.<sup>64</sup>

It appears from what has been said that the American Civil War obstructed trade much during the period, although there was cause for a more hopeful outlook as the period came to a close. That both countries were dependent on the other for commodities was evident. The best interests of each

country required that this dependence be continued. It was also apparent that the United States yet needed to look carefully to her shipping interests.

## Part II

Effect of British Government Attitude and  
English Public Opinion on the Policy  
of the United States.

### Chapter III

#### Effect of British Government Attitude and English Public Opinion on the Policy of the United States.

For a long time Great Britain's attitude toward the United States, during the American Civil War, has been judged in accordance with a statement made by Charles Francis Adams in 1862. Mr. Adams, as Minister to Great Britain, wrote Secretary Seward: That Great Britain, in spite of her opposition to the slave trade, thought only of her commercial interests during the Civil War. An English historian, George Grote, on the other hand, spoke of the perfect neutrality of Great Britain as a surprise, since his country was usually so meddlesome. Although Minister Adams, during the later years of the war, did modify his judgment, his first opinion long remained that of American historians as well as of those of other countries.<sup>1</sup>

Changing British opinion probably accounted in some measure for Adams' modified

judgment. Before war really began and while there was hope for a peaceful settlement of differences, British opinion had been with the North, which section represented a free, as opposed to a slave owning society in the South. Then when war began and it became evident that British trade was suffering, and that President Lincoln did not intend to destroy slavery, there was a shift of opinion. Although the Northern Abolitionists and extreme anti-slavery adherents in England still insisted that slavery was the cause of the war, very little attention was paid to them.<sup>2</sup> The shift in both the North and the South, as to the issues of the war, probably confused British opinion. The North began the war to preserve the Union, while later the issue shifted to emancipation of the slaves. On the other hand the preservation of existing institutions, the one in dispute then being slavery, drew the South into war. Seeing that this support of slavery was injuring their cause, the South in the later years of the war emphasized States Rights.<sup>3</sup> The fear expressed by the British press, of a

servile war in America, was also shared by official England. Lords Russell and Lyons both expressed such a fear in the event of emancipation. This belief largely affected the reception of the Emancipation Proclamation by England.<sup>4</sup> Lord Russell had the idea that if the two sections of the United States were separated, slavery would die out in the South because of the contrast better economic conditions in the North would present. On the otherhand, he believed that restoration of the Union would only serve to spread slavery over a larger area. But by mid-summer of 1862 the British Minister had almost abandoned this idea. It may be said here that Secretary Seward had suggested that servile war might occur if Europe intervened. As to emancipation, both Seward and Russell believed it would add to the argument for intervention.<sup>5</sup> Hence the reason, why the Emancipation Proclamation did not at once convince England of the high purpose of the North, is apparent. No other situation during the war was so denounced in London newspapers. The Times re-

ferred to this move as Lincoln's "last card."<sup>6</sup> Even John Bright was at first not enthusiastic<sup>7</sup> In the last week of December, 1862, the British anti-slavery public began to express approval of the Emancipation Proclamation. (The preliminary proclamation had been issued September 22, 1862, the final one, January 1, 1863.)<sup>8</sup> By the close of January, 1863, "popular approval" was "in full swing"<sup>9</sup> Bright gave his approval in a speech at Rochdale, February 3, 1863. Lord Lyons gave no favorable mention until July 26, 1864.<sup>10</sup> The British government on May 13, 1861, issued its Proclamation of Neutrality in regard to the American Civil War.<sup>11</sup> Although this was a perfectly proper course, in view of the blockade, the government did show a lack of tact in issuing the Proclamation on the same day that the United States Minister arrived in England.<sup>12</sup> Nevertheless the Proclamation, premature although it seemed to be, probably averted serious trouble between Great Britain and the United States.<sup>13</sup> While British citizens did violate this neutrality, as has already been said, the government remained neutral throughout the war. The Russian Minister in Washington predicted, in January of



1860, that the British government would recognize the independence of the South in return for cotton. Great Britain, according to Stoeckl, would profit materially by the dissolution of the American Republic. This prophesy was repeated by others during the first two years of the conflict, by the French Emperor and French Minister of Foreign Affairs, especially. But Great Britain had ceased, in the late fifties, to oppose expansion by the United States. Neutrality was proclaimed to avoid maritime complications with the North. At first the British government believed the South would gain independence. But by mid-summer of 1863, belief was growing that the North would win the war. So a "friendly neutrality" began to replace a "cold neutrality."<sup>14</sup>

The South, supported by many English Conservatives, endeavored to change the position taken by the British government. On July 18, 1862, a debate took place in the House of Commons, on Lindsay's plan of mediation. Lindsay insisted that slavery had nothing to do with the war, that England should mediate and

recognize Southern independence. Other speakers emphasized Lancashire distress, although no representatives from Lancashire took part in the debate. The friends of the North remained silent. No vote was taken on the question.<sup>15</sup> The British Cabinet considered mediation for about a week after this debate. Later in the month, Mason, the Southern representative, again urged Russell to recognize the Confederacy.<sup>16</sup> But Russell was waiting for the South to prove that she could maintain independence.<sup>17</sup> Lord Russell seemed to be the one member of the Cabinet who favored delay, as most of the other members advocated mediation within a short time.<sup>18</sup> By the end of the year the British Ministry had dropped their plan of mediation.<sup>19</sup> The Economist, a few months later, quoted Russell as saying: "England must require international law to be enforced, but must not ask for more than is due her. England must be dignified, impartial, and calm."<sup>20</sup> After December, 1862, the British government did not seriously consider mediation in the American Civil War.<sup>21</sup> Bright wrote to Sumner

in February of 1865 as follows: "All parties and classes here are resolved on a strict neutrality . . . "22 In May, 1865, Russell when asked if the government did not intend "to withdraw the admission of belligerent rights to the so called Confederate States", answered in the negative. England would not withdraw this recognition until the war was declared at an end. Otherwise Great Britain would have the right to protest against American search of ships.<sup>23</sup> Thus the British government maintained neutrality until the last. In reality Seward recognized the correctness of England's position.<sup>24</sup>

The opinions of some leading Americans indicate the general feeling in the North in regard to Great Britain's position. In view of Mr. Sumner's position and antecedents, his New York speech in 1863 was read in England with sad surprise. This speech was an indictment of Great Britain from first to last. Mr. Sumner charged that concession of belligerent rights to the Confederates was "unnecessary, unfriendly, and unwarrantable." He also

referred to the fact that the government had allowed Confederate Cruisers to be built in British ports. Two other considerations according to the Economist, showed unfriendliness to England. Mr. Sumner avoided doing justice to anti-slavery feeling among the English people. Further, he said nothing against France, who had also recognized the Southern States as belligerents.<sup>25</sup>

Secretary Seward wrote a series of notes to Minister Adams in 1864, in which he commented on British action and attitude. In January he referred to the support the South had received from European and British sympathizers. Peace was necessary to the United States, he said, if her foreign commerce was to be extended throughout the world. In May he wrote that the British people desired peace everywhere except in the United States. Had Great Britain tried to bring the Civil War to an end, instead of encouraging it, her own prestige would have been better preserved. In June he sent two

notes. He regretted that the Ministry had failed to enforce neutrality in regard to naval expeditions from British ports. The Secretary also said that the attitude of the nation was inconsistent with the position formerly taken on the slavery question. Seward later wrote that Great Britain was pursuing a mistaken policy towards the United States, that the English people were paying more for gold, for bread, and for cotton than they would, had the government continued to respect the sovereignty of the United States.<sup>26</sup>

Minister Adams also expressed his opinion in notes to Secretary Seward. In January, 1864, he wrote that the policy of the Liberal section of the Ministry was encouraging. In the following month Mr. Adams wrote that, although the United States had the right to be indignant with the British governing class, still a large portion of the nation was upholding the Northern cause. He added further, that it was expedient to dispel the feeling in England, that peace in the United States meant a foreign war.<sup>27</sup>

Adams' notes to Seward from 1863 to 1866 showed both British public opinion and government attitude in regard to the war. According to Mr. Adams, English workingmen in general, sympathized with the Northern cause. Circulars to this effect were issued by a Sheffield meeting and by the Manchester Emancipation Society, in 1863.<sup>28</sup> At a London Trades Union meeting, John Bright spoke of the safety of American republican institutions, and the free labor issue of the war. The woolen manufacturers of Horton also expressed sympathy with the Northern cause. In a Bradford meeting, the woolen manufacturers condemned the proposed loan to the Confederate States, and the fitting out of war vessels for Confederate use in British ports.<sup>29</sup>

Mr. Adams wrote a series of notes, in 1865, which revealed British public opinion. In January he wrote that there was a more confident tone among those friendly to the United States, while Confederate sympathizers were more reticent. The following month he declared there was much feeling, that peace in America

meant war with England, and that Seward was very hostile to the British government. Adams had been trying to combat this idea. This alarmist policy was still being pushed when Adams wrote again early in March. Later in the same month he could say that British statesmen were beginning to see the importance of recognition of Federal government policy. The tone of the Parliamentary debates was the best yet in regard to America. By the close of March the alarmist policy was abandoned. However, Minister Adams wrote in April, that there was much disappointment over the result of the war, that the fall in cotton prices had brought heavy losses to some. By the beginning of the next year the tone of the English press had improved to a great extent.<sup>30</sup>

English periodicals also revealed public opinion. The Economist desired the South to be independent, but weak, so that slavery would be gradually extinguished.<sup>31</sup> This same magazine referred to division of sentiment, in England, concerning the American war. The anti-slavery adherents, many

merchants, most Radical politicians, and much of British democracy, wished the North to win, so that republican institutions would not be discredited. On the otherhand, the governing classes as a whole, the Conservatives generally, and many leading statesmen, desired the South to be victorious, so that slavery would be abolished more quickly. But, said the Economist, most Englishmen would act alike in regard to America.<sup>32</sup> An article, decidedly favorable to the Northern cause, came out in the North British Review in May of 1864. The writer declared that the bulk of English people saw the advisability of a neutral policy. He thought however that the government had not gone far enough in its action concerning Confederate Cruisers. He favored generous judgment of Northern people.<sup>33</sup>

The "keynote of British attitude" centered around the effect that the test of republican institutions might have on the liberal cause in England. The challenge, that America would become an aristocracy, was taken up by John Bright, who declared his faith in



the American Republic. He practically left his seat in Parliament that he might stir up sentiment in favor of the North.<sup>34</sup> Gladstone belonged to the group of Englishmen who took the "middle ground," who were not certain of the significance of the American war. Gladstone deplored the blow to "Democracy."<sup>35</sup>

The Emancipation Proclamation in January of 1863, added strength to English advocates of democracy, since this proclamation showed the moral purpose of the North.<sup>36</sup> By 1863 the Conservatives had left the field of attack to the Radicals. Adams, fearing the extremes of the Radicals, was anxious for the United States to give no opportunity for the accusation of interference in a British political quarrel.<sup>37</sup> Bright's speech at the Trades Unions Meeting in St. James Hall, March 26, 1863, marked his supreme effort for the cause of democracy.<sup>38</sup> Adams, late in 1863, was still advising Seward "to keep out of it". He also expressed the opinion that ill will towards the United States was produced partly by aristocratic opposition to Bright.<sup>39</sup> By 1864

democracy was becoming a big issue in British politics. Matthew Arnold, seeing that democracy must come, desired that the English people would at least not become "Americanized."<sup>40</sup> Adams wrote to Hunter, July 13, 1865, after the Liberal victory in the Parliamentary election, ". . . The progress of the liberal cause, not in England alone, but all over the world, is, in a measure, in our hands."<sup>41</sup> "The Reform Bill of 1867 changed Great Britain from a government by aristocracy to one of democracy. A new nation came into being. The friends of the North had triumphed." In America, however, this issue was very little realized by writers, during, or for a long time after, the war.<sup>42</sup>

The discussion just given shows the reason for much misunderstanding between Great Britain and the United States as well as for the economic policy of the latter in its relation to the British nation. Americans, who looked on the Civil War as a conflict for preserving national unity, could not excuse the "cold neutrality" of the British government or the tone of the English press. It did not seem

to matter that English neutrality was correct, nor that Radical England supported the Northern cause.<sup>43</sup> For some time, even before the war, the language of American public men and of some papers was hostile to England.<sup>44</sup> An example of the feeling of some Americans after the war is evident in a resolution brought up in the Senate in 1866. Mr. Chandler, of Michigan, moved that the United States adopt a policy of non-intercourse with Great Britain, and withdraw the American Minister from London. The reason given was, that the British government had refused to make reparations for damages on Northern commerce during the war, and had by her neutrality proclamation recognized the belligerency of the South. Mr. Chandler again on the following day, brought up the resolution. But it was laid on the table.<sup>45</sup> As will be shown in the following chapters, this feeling showed itself in economic policy.

Part III

Evidences of the Policy of the  
United States

## Chapter IV

### The Tariff

It is the plan of the present chapter, to summarize the tariff acts of the period, and to indicate what tariff policy the United States showed toward Great Britain. During the American Civil War protection in the tariff was definitely adopted as the policy of the government. We did find that import duties were consistently raised during the war, and that efforts, after the war, to reduce rates, failed.

The Morrill Tariff Act of 1861 began the change toward a higher range of duties and stronger application of protection. This act was not, however, the basis of the present protective system. When the act was passed in the House session of 1859-60, there was no serious expectation of war. Rates were raised, partly because of deficient revenue, and partly for the benefit of the Republican party in the election of 1860. This party had discovered at the previous presidential election that the votes of

Pennsylvania and a western state were necessary for success in the next campaign. Therefore to attract the votes of Pennsylvania, tariff rates were raised. In the Senate session of 1860-61, the act was passed without material change. To restore the rates of 1846 was the intention of the legislators. Specific were substituted for ad-valorem duties. The rates on iron and wool especially, were increased. This naturally pleased Pennsylvania and some of the Western States. As yet, most manufacturers were not agitating protection.<sup>1</sup> In later years, Mr. Morrill said that the tariff of 1861 "was not asked for, and but coldly welcomed by manufacturers, who always and justly fear instability."<sup>2</sup>

The object of the act of 1862, as stated by Morrill and Stevens, was to increase duties to the extent that was necessary to offset internal taxes. An internal revenue act had been passed a few days before. The passage of this act rendered easier the passing of the tariff, since manufacturers felt they must be

compensated for these internal taxes. Many congressmen also voted for the tariff because higher duties were placed on purely revenue rather than on protective articles. Another argument used to promote the passage of this bill, was that the government needed a larger income.<sup>3</sup> However, there were protective intentions in this measure. Mr. Chapman felt that Northern protectionists very much abused tariff regulations in raising the rates with each succeeding act.<sup>4</sup>

The Tariff Act of 1864 was the basis for the present protective system of the United States. This measure was also under the management of Mr. Morrill, who said that it was necessary " . . . to put domestic producers in the same situation, so far as foreign competition was concerned, as if internal taxes had not been raised." There were, nevertheless, other reasons for the act. Because of the war there was increasing need for revenue. Moreover this was also a protectionist measure. However, Mr. Morrill and other protectionists could not be fairly accused of consciously pro-

moting, by high duties, private interests. In fact, during the war and for several years after, there was not so much opposition to high import duties. The rates, the most extreme yet imposed, averaged 47.06 per cent. These rates were retained, virtually without change, for twenty or more years. The critical condition of the country forced the bill through Congress after only five days consideration.<sup>5</sup> It should be said in passing that the act of 1864 was not a general one repealing all previous tariff acts. The provisions in the acts of 1861 and 1862, that were not affected by provisions in that of 1864, were left in force. But the range of import duties were so generally modified that it had the effect of a new act.<sup>6</sup>

Before passing to the Wool and Woolens Act of 1867, a few statements, concerning the unsuccessful Tariff Bill of that year will be given. This unsuccessful bill, as proposed by David A. Wells, was a reformed protectionist measure. He proposed to reduce duties on raw materials, and to maintain, without change or



with slightly lower rates, the duties on manufactured articles. Although passed in the Senate, as an amendment to the House bill, it failed in the House. At any rate it was evident that the extreme protective spirit was not then all-powerful. However, the radical protectionists were encouraged, by this failure, to contend for retention of war duties. Mr. Wells was undoubtedly capable of suggesting tariff reform, since he was a leading economist and had made a special study of the tariff question.<sup>7</sup> He was at that time Special Commissioner of the Revenue. The measure was also approved by Secretary McCulloch.<sup>8</sup>

The Wool and Woolens Act of 1867 illustrates the tendency to raise import duties even above war rates. The compensating system, which began with the Morrill Tariff of 1861, was still retained in 1867. In 1861 specific duties on wool were substituted for ad-valorem rates. This was to compensate the manufacturer for internal taxes. Both ad-valorem and specific duties on woolens were also increased, the former to give protection to manufacturers, the latter, to compensate manufacturers for the duty on wool. The

compensating system was continued in the tariff acts of 1862 and 1864. The tariff schedule for 1867 dated back to an agreement between wool growers and manufacturers in their convention at Syracuse, New York, in 1865. Here the manufacturers agreed to allow the wool growers to advance the duties on the raw material to any degree if the former were compensated by specific duties on wollens. The schedule of this combination was approved by the United States Revenue Commission, and was made a part of the unsuccessful Act of 1867. Then the schedule was made law by the Wool and Woolens Act of 1867.<sup>9</sup>

By this act, wool was divided into three classes, carpet, clothing, and combing wools. Carpet wools paid a duty of three cents per pound, if they cost less than twelve cents, and a duty of six cents, if they cost more than twelve cents. Clothing and combing wools, if valued at thirty-two cents or less, paid a duty of ten cents per pound and eleven per cent ad-valorem. If valued at more than thirty-two cents, they paid a duty of twelve cents per pound and ten per cent ad-valorem. The duty

on the grade of wool chiefly used in the United States was thus nearly doubled by this act.<sup>10</sup>

The schedule of rates on woolens was arranged, as has been said, to compensate manufacturers. Three things were taken into consideration in fixing these rates. It took four pounds of unwashed wool to make one pound of cloth. Thus the American manufacturer was paying more than his foreign competitor for raw wool. The former must be compensated. Furthermore he must again be compensated for duties paid on drugs, oils, dye-stuffs, and other products used in his manufacturing. There was added, to these two considerations, the interest on duties advanced by the manufacturer. The final duty on woolens amounted to fifty cents per pound and thirty-five per cent. ad-valorem.<sup>11</sup>

This duty was placed on woolen shawls, woolen cloths, and all manufactures of wool not otherwise provided for. On flannels and like goods, a specific duty of from fifty to twenty cents per pound, according to value, was levied. The ad-valorem duty on flannels was thirty-five per cent. The duty on carpets was arranged by the square yard, and in accordance with the

quantity of material used in production. Dress goods received a specific duty of from six to eight cents.<sup>12</sup>

The Act of 1867 was in many ways a sham, and adopted to conceal the degree of protection it gave. Probably very few members of Congress understood its real nature. Taussig said that the manufacturers were not benefited by this measure.<sup>13</sup>

The Copper Act of 1869 was, next to the Wool and Woolens Act, the most remarkable of the period. Before 1869 the duty on copper ore was five per cent, on bars and ingots, two and one-half cents per pound. Under these low rates a flourishing industry had grown in Boston and Baltimore, for which industry ore was imported from Chili. But when the copper mines of the Lake Superior region began to produce ore on a large scale, copper began to fall in price. Then the mine owners asked for increased duties. By the Act of 1869 the duty on copper ore was placed at three cents for each pound of pure metal, which was equal to about twenty-five

or thirty per cent. instead of five per cent. The rate for ingot copper was raised to five cents per pound. The bill was passed over President Johnson's veto. As a result, the smelting establishments, that had used imported ores, were closed; domestic producers were aided in that the price of copper was raised. No doubt the domestic ore, because of its large supply, would have displaced foreign ore, even without this act.<sup>14</sup>

Although the Act of 1870 was passed because of the demand for tariff reduction, these reductions consisted for the most part of rates on revenue articles. This demand for tariff reduction was especially strong in the West, in both parties. The duties on tea, coffee, wines, sugar, molasses, and spices, all revenue articles, were lowered. Other like articles were placed on the free list. The only important reduction on protective articles was that on pig-iron, from \$9.00 to \$7.00 per ton.<sup>15</sup> On the otherhand duties on steel rails, marble, nickel, and flax were raised.<sup>16</sup> As to steel rails, before 1870 the duty had been forty-five; the Act of 1870 changed this to a specific duty of one and one-fourth cents per

pound or \$28 per gross ton. This made no very great increase in the duty in 1870; but when prices of Bessemer steel and steel rails declined, after 1873, the specific duty became heavier in proportion to the price. Then the duty of \$28 became equivalent to 100 per cent. on the foreign price. Furthermore, as a result, American manufacturers of steel rails became unusually prosperous.<sup>17</sup> The new rates of 1870 on marble were equivalent to between 100 and 150 per cent. on its value. The bulk of fine marble was being imported from Italy. This marble was produced in the United States, only in Vermont. As a result the quarry owners in that state received large profits.<sup>18</sup> Nickel had been admitted free of duty in 1861; in 1864 the rate was fifteen per cent; in 1870 the duty was raised to thirty cents per pound, or about forty per cent. on the value. The one nickel mine in the United States, that in Pennsylvania, accordingly gained much. The duty on flax had been \$15 per ton in 1864; it was raised, in 1870, to \$20 on undressed and \$40 on dressed flax.<sup>19</sup>

The Act of 1872 marked the only effort,

to reform the protective part of the tariff, that had any degree of success.<sup>20</sup> The House proposal was to reduce the duties on pig-iron from \$7.00 to \$6.00, to reduce rates on wool, woolens, and cottons about twenty per cent, and to decrease the duties on coal, salt, lumber tea, and coffee. The Senate suggested a horizontal reduction of ten per cent. on all duties. It was the latter proposal that became law. The act in general provided for ten per cent. reductions on manufactures of cotton, wool, iron, steel, metals, paper, glass, and leather. There were also some minor changes. The duty on salt was reduced to one-half the former rates; the duty on coal was decreased from \$1.25 to 75 cents a ton; some raw materials, such as hides and paper stock, were placed on the free list; tea and coffee were also placed on the free list.<sup>21</sup>

During the period schemes for reduction and tariff reform were brought forward each year; but high duties were for the most part retained. There were probably several reasons for the retention of high rates. Other problems than the tariff seemed more pressing to Congress. Then

private interests in Congress were partly responsible. Much bribery was no doubt used.<sup>22</sup> Mr. Morrill, who was a moderate protectionist, indicated as late as 1870 that high war rates should not be retained. But gradually there developed the feeling that reform was not needed. Restraint on trade with foreign nations came to be advocated as a good thing in itself.<sup>23</sup> It became customary, when reductions were made, to apply them to revenue articles. Nevertheless, the free-traders were, for the most part, satisfied with the Tariff of 1872. "The protectionists, however, believed that they had won a victory; and as events proved, they were right."<sup>24</sup>

In considering the policy of the United States, congressional debates, for the most part, will be used. Certain resolutions, amendments, and proposed amendments, in connection with some of the acts that were passed, showed definite economic policy toward Great Britain.

One provision of the Tariff of 1862 was as follows: when goods, grown beyond the Cape of Good Hope, were imported from places this side of the Cape, a duty of ten per cent.



ad valorem, in addition to the regular duty, should be levied. The object of the provision was to encourage direct importation from beyond the Cape instead of dividing the freight with the English by procuring these goods from Liverpool and London. Great Britain had been bringing goods from her dominions beyond the Cape, India for example; these goods were then sent on to the United States. Mr. Anthony, of Rhode Island, introduced a resolution to the effect, that inquiry be made as to the expediency of admitting Surat cotton, imported as designated above, without payment of the additional duty. His argument was, that the provision was not intended for cotton, since United States merchants imported little Surat cotton because of the quality and also because of the distance from India. Furthermore these same merchants did not procure the cotton from England on account of the increased price. What happened then? English manufacturers were profiting at the expense of those in America. The former were manufacturing goods from this kind of cotton more cheaply than could the latter. Therefore, according

to Mr. Anthony's argument, the duty on the raw material should be lowered, so that United States merchants might compete with those of Great Britain. The resolution was passed.<sup>25</sup> It appears that the animus of the original provision, as well as of the resolution, was directed toward England. If, as Mr. Anthony said, the United States did not import Surat cotton from India, why had the ten per cent. rate been added? Since the same subject recurred several times, there was undoubtedly an unfriendly spirit toward Great Britain.

In the debate in 1863, to modify the existing tariff law, the subject referred to above, came up again. Mr. Fessenden proposed to exempt cotton and raw silk from the additional duty of ten per cent. British merchants were also competing with those of the United States in the manufacture of silk. This amendment became a part of the modified tariff act, so that raw cotton and raw silk were exempt from the additional duty.<sup>26</sup>

In the tariff debate of 1864 several speeches indicated a spiteful feeling toward

Great Britain, while others were in opposition to such policy. Grinell, of Iowa, in answer to an argument that such high protection was oppressive to the West, took a position in favor of increased duties. He said that if New England could manufacture more cheaply than the Western States, then the former rather than England should be encouraged to do this work. Mr. Grinell also referred to the sympathy of England and France for the rebels during the war. They had rendered useless or destroyed the United States Commercial Marine.<sup>27</sup> Mr. Ward, of New York, spoke in opposition to such a prohibitory tariff, saying, that an isolating and alienating commercial policy, even in time of war, would not be advantageous to the country.<sup>28</sup> Even American admiration for John Bright did not move Congress to lower the duties on carpets. Mr. Brooks, like his colleague, did not favor prohibition in the tariff, and offered an amendment for decreased rates on carpets and carpeting. But, as he said, the purpose of his amendment was rather to increase the government's revenue than to favor Mr. Bright or even the

"gentlemen of Massachusetts." According to Mr. Brooks, three persons in Massachusetts controlled the business in Brussels and tapestry Brussels carpets and carpeting. Under the excessively high duties the article was costing \$2.15 and \$2.28 in the United States. It could be purchased from John Bright for about 60 cents. But the amendment was rejected.<sup>29</sup> Again the subject of exempting from additional duty certain articles, grown beyond the Cape of Good Hope, when imported from places this side, was considered. As this amendment finally stood, raw silk, singles, tram, thrown, organzine, and raw cotton were made exceptions to the ten per cent rule.<sup>30</sup>

The debate in the Senate also indicated some bitterness toward Great Britain, Mr. Chandler of Michigan, was in favor of making the duty on iron so high that it would be prohibitory. He would prefer to see his country export iron. The Senator from Michigan further said that, if he had his way, "a wall of fire" would be raised between the United States and Great Britain. He was in favor of excluding iron or any fabrics, of British manufacture, from entering the country

during the war. Reference was made to English depredations on American commerce. Mr. Chandler hoped that importation of English iron would be prohibited by the new tariff, even though railroad and other interests in the United States suffered.<sup>31</sup> Mr. Wilkinson of Minnesota, on the otherhand, protested against such high duties on iron. Minnesota needed iron for her new railroads; Michigan's roads were completed. The rate on iron had been 60 cents per 100 pounds; the House proposal was to increase this to 80 cents; the Senate Finance Committee suggested 70 cents. The proposal of the latter was the one finally accepted.<sup>32</sup>

Even more illustrations of policy were apparent in the House debate in 1870. Mr. McCarthy, of New York, in the early part of the debate, in March, asserted that the tariff should be made even more prohibitory. He said that independence of Europe, in the manufacture of certain products was one of the principal causes of success in the late war. This independence should be further developed.<sup>33</sup> Mr. Blair, of Michigan, later spoke of "radical" attack on the tariff. He referred to the campaign by the Free-Trade League of New York, which was getting much support from

British manufacturers.<sup>34</sup>

Still more definite declarations of policy showed themselves during the month. A high duty on tin plates was urged by Mr. Kerr, of Indiana. This was to benefit a man of Pennsylvania, who proposed to establish a factory for this manufacture. At the time no tin plates were made in the United States; Great Britain had that monopoly.<sup>35</sup> A little later Mr. Wilson, of Ohio, took up the cause of the West. Manufactures could be developed in this section, were it not for competition with British producers. He asserted that British operatives were fed with American wheat at \$1.40, while engaged in manufacturing goods for American farmers, to be paid for in wheat at 70 cents. "Probably every dollar's worth of wheat shipped to the English market enables her manufacturers to throw upon our markets ten fold its value in finished goods." Mr. Wilson thought, with General Jackson that the United States had been ".... too long subject to the policy of the British merchants, "that his country should feed her own labor rather than the pauper labor of Europe. Again, reference was made to the combined efforts of British capitalists and American free-traders.<sup>36</sup> Mr. Cox, of New York, an advocate of free-trade, answered Mr.

Wilson as follows: "It is to me strange that gentlemen so gushing on every occasion here with sympathy for the blacks and humanity should not remember that when they inveigh against Canadians or Britons, whether they be farmers or artisans, they drop humanity. If I might borrow some of the rhetorical plumage so often fluttering around us here I would say, 'Why continue to be a narrow-minded, iron-hearted Pennsylvanian? Why not extend your vision, and your heart to the furthest India? Why forbid your brother in Sheffield from making you cutlery at the cheapest rate? Why stop the Australian from sending us wool from the bush? Why, oh, my beloved Republican brother, wrap thyself in thy American broadcloth, button thy vest with an American button, wear an American shirt, or drink only American brandy at so great a sacrifice, when by opening our doors these suffering paupers who labor may be lifted out of pauperism?....." It is needless to say that this speech called forth much laughter.<sup>37</sup>

The debate on the Tariff of 1870 continued into the month of April. Mr. Maynard, of Tennessee, on April 8, proposed to raise the duty on laces, so that immigrants' work would

be protected. Much lace in the past had been sent to the United States from Nottingham.<sup>38</sup> One section of the proposed tariff placed a duty of 50 cents per pound and thirty-five per cent. ad-valorem, "on all manufactured articles composed wholly or in part of wool, worsted, or hair of goats or other animals." An amendment was offered, to strike out "or other animals", since in England there was manufactured, from the hair of cattle, an imitation of Astrakhan skin. Since this imitation was not very expensive it could be used by the poorer people. Yet the amendment was not passed.<sup>39</sup> Several proposals, to raise duties on carpets and carpeting, were made, so that American manufacturers might compete with English.<sup>40</sup> Then came some proposals concerning cotton bagging. Mr. Buckley, of Alabama, made a motion to reduce duties on gunny cloth, gunny bags, cotton bagging, or manufactures of hemp, jute, flax, and tow. On the other hand Schenck, of Ohio, and Maynard proposed to raise the duty. The latter declared that a reduction would injure the South. He favored the production of bagging as near as possible to the place where cotton was grown, but he did not approve of sending



to India for bagging, to England for ties to bale the cotton, and of shipping the crop to Manchester to be woven and manufactured.<sup>41</sup>

An amendment, to place a duty of twenty-five per cent. ad-valorem on burlaps of jute, was agreed to. Mr. Sargent, of California, offered this in support of San Francisco manufacturers, who were compelled to compete with those of England.<sup>42</sup>

Several amendments, to change the rates on iron, were proposed. Mr. Grisold of New York, desired to reduce the duty on pig-iron from \$7 to \$3 a ton. But Mr. Kelley, of Pennsylvania, protested that this would only serve to build up English interests at the expense of American. Butler, of Massachusetts, offered an amendment to make the rate \$5. Then Mr. Hill, of New Jersey, wished to raise the rate still higher, to \$9, so that American manufacturers, would be protected from English. Mr. Butler's amendment was passed.<sup>43</sup> In regard to railroad iron some change was again made. An amendment, to decrease the rate from 70 cents to 60 cents per 100 pounds, was introduced by Mr. Benjamin, of Missouri. Railroad iron was needed in the West and South especially. Mr. Kelley was again the

the one who objected. He said that no benefit could result from the increased importation of British rails. As it was, the United States received nearly one-half all the rails England exported. If such a reduction were adopted, he declared that the furnaces and rolling mills of the United States would be closed. Then the demand for English rails would be so great that prices would rise instead of fall. Ingersoll, Asper, and Wilson, all spoke in favor of reduction. Then Mr. Tillman, of Tennessee, proposed to raise the rate to 75 cents. He was in favor of bringing labor to the United States to make rails rather than going in debt to purchase from England. Mr. Benjamin's amendment was finally agreed to.<sup>44</sup>

Steel and steel rails also received further consideration. An amendment, to reduce the duty on steel manufactures from three and one-fourth to two cents per pound, was moved by Mr. Asper. Mr. Kelley, as on other occasions, protested against such aid to England. Mr. Maynard, also Mr. Cleveland, of New Jersey, opposed the amendment on the ground that the United States would, by low duties, lose control of the steel market. The latter declared that the next

ten years would show whether American or Sheffield steel would supply the world. The amendment of the Missouri Representative was accepted.<sup>45</sup> Mr. Benjamin offered an amendment to make the duty on steel rails \$30 per ton. Again Mr. Kelley led the opposition with his same argument in regard to England. Thereupon, Mr. Bingham, of Ohio, proposed \$36 per ton, so that the United States might compete with the cheap labor of England. Mr. Benjamin's amendment, as changed by Mr. Bingham, was passed.<sup>46</sup>

Great Britain was likewise the subject of attack because of her production of tin and nickel. Tin had recently been discovered in San Bernardino County, California. These were the only tin mines of the world, outside of Great Britain, that were being worked. Mr. Axtell proposed an amendment to reduce the duty on manufactures of tin. He also objected to raw tin being on the free list. The gentleman from California thought that, as revenue must be raised, tin was a good subject. But Mr. Covode, of Pennsylvania, suggested a much higher duty for manufacturers of tin, and the repeal of that on the raw material. The original rate of three cents was finally accepted.<sup>47</sup> In regard to nickel, Mr. Griswold,

of New York, moved to substitute fifteen instead of forty cents a pound as the rate. He thought Pennsylvania had an unbounded supply. But Mr. Dickey of that state protested that American nickel should be protected from that of England, which country possessed one-half of all that metal produced in the world. So the amendment was rejected. Several other attempts to reduce the rate also failed.<sup>48</sup>

In the tariff debate of 1872, to reduce rates, special attention was given to the following articles: iron, coal, salt-peter, and books. Mr. Speer, of Pennsylvania, spoke against withdrawing protection from iron. According to his argument, if England were permitted to undersell the United States, many immigrants would be idle, much capital would be destroyed, and manufacture of iron in the United States would cease. It would naturally follow that British iron would increase in price. He asked the following question: "What would we do in time of war if we were compelled to rely upon so treacherous a friend as Great Britain for our supply of iron?"<sup>49</sup> The same member also argued that the country's

coal supply should be protected from English coal. England's coal bearing territory comprised about 8500 square miles, while that of the United States amounted to about 600,000 square miles. He objected to allowing this large supply to remain buried and to dependence upon a rival power.<sup>50</sup> When Mr. Starkweather, of Connecticut, offered an amendment to repeal the duty on salt-peter, Mr. Kellogg, of the same state, at once objected. He maintained that unless, the country desired to be in England's power for supplies during war, the duty should be retained. There had been no manufacture of this article in the United States prior to 1862, when Great Britain had prohibited its exportation. However the amendment for repeal was adopted.<sup>51</sup> Mr. Dawes, of Massachusetts, spoke on the subject of books, and opposed placing them on the free list. He warned the house that, should this be done, England would gain the monopoly on the publication of books. To emphasize his argument, he said: "And it is mortifying to see an Englishman sitting upon this floor, whispering in the ears of members of the House that he may have the privilege of going to

England and purchasing his paper or getting his publication printed in England."<sup>52</sup>

Several comments on the tariff policy of the Federal government during this period serve to show the effect on Great Britain especially. A cartoon in Harper's Weekly illustrated the bad effects of the Tariff of 1861 in that it had alienated British feeling. And there was some truth to this suggestion. Motley wrote from London on March 15, 1861 that the tariff had done more than any Southern Commissioner could to alienate English public feeling toward the United States. He said that, since the passing of this tariff, Great Britain was more likely to recognize a Southern Confederacy.<sup>53</sup> Mr. Mungen, of Ohio, in referring to the Tariff of 1870, said that the bill was not one for revenue but was for the interest of capital. The tariff policy of the Federal government, so he said, had compelled England and France to purchase their grain elsewhere, since United States markets were closed to manufactures of these two countries.<sup>54</sup>

The debates on some of the bills that did not become law also indicated policy in regard to Great Britain. In 1865 this policy showed itself in regard to cotton thread and products grown on the other side of the Cape of Good Hope. Under the old law cottons with less than 100 threads to the square inch were being imported at one and one-fourth cents per square yard. English manufacturers made a thread which came in under this provision and injured the manufacture of American goods. An amendment, to strike out "exceeding one hundred threads", was presented. This would remedy the situation and protect American manufactures. The amendment was passed.<sup>55</sup> Another amendment, to place a duty of ten per cent. ad-valorem on goods, produced on the other side of the Cape of Good Hope, but imported from some place this side, was passed. Raw cotton and raw silk were made exception to this rule. The reason for such a measure has already been indicated.<sup>56</sup>

In the debate of 1866 wool came in for its share of the discussion. Mr. Wade, of Ohio, objected to throwing open the woolen trade of the world to England, or even to

New England. He was advocating the interests of the Northwest. Mr. Wade spoke of Great Britain's "hypocrisy" in claiming to be a free-trade nation. " . . . Take no counsel of your enemies, is the first lesson of war. She never teaches anything for our advantage knowingly; for a more selfish nation never existed on the face of God's earth, nor a more tyrannical one, nor one that grinds down the face of the poor with such remorseless energy as does Great Britain." In this manner the Senator from Ohio referred to Great Britain.<sup>57</sup> Mr. Lawrence, likewise from Ohio, also gave vent to his feeling against England. He insisted on increased duties from wool, in order that the importation of "foreign rags" might be discouraged. By "foreign" he meant English especially.<sup>58</sup> Although the bill of 1866 did not become law, its wool and woolen schedule was declared in force by the Act of 1867. By this act, duties on wool and woolens were increased.

The debate on the unsuccessful bill of 1867 indicated policy, toward Great Britain, in reference to a variety of interests. Iron was probably the most discussed subject. An amendment, to raise the duty from \$9 to \$10 per ton



on pig-iron, brought up the subject. Mr. Spalding, from Ohio, as was also the man who introduced the amendment, favored even more protection to pig-iron, so that British iron might be excluded from the country. Mr. Spalding asserted that British iron interests were depending on Southern votes to defeat this measure. The amendment was passed.<sup>59</sup> Railroad iron was the subject of much debate. Mr. Morrill, of Maine, had proposed a duty of one cent per pound on iron bars for railroads. But Mr. Wilson, of Iowa, advocated a lower rate, so that the West might have cheaper iron for their railroads. However Mr. Griswold, from New York State, at once objected to thus permitting English rolling-mills to compete with those of the United States. He asked the members of the House if it were incumbent on them to protect American interests or to "act in obedience to behests of English manufacturers." He declared that pamphlets had been circulated throughout the country by representatives of the British Iron and Steel Association. These pamphlets advocated free trade. He further charged that members of the

Free Trade League in the United States were not identified with the industrial interests of their own country, but with those of England. Mr. Garfield, of Ohio, also came forward with an indictment of England. He referred to England's policy, as adopted 125 years before. At that time the manufacturers and Birmingham smiths had petitioned Parliament: "That the American people may be subjected to such restrictions as shall forever secure the iron trade to this country." Such, he declared, was still Great Britain's policy. In 1750 a bill in the English Parliament, ordering iron and slitting mills in America to be abolished, lacked only two votes of becoming a law. At the time a bill was passed, by which American manufacture of iron was prohibited. Mr. Garfield said, that those who desired to give England this opportunity for monopoly of the iron industry, would vote with Mr. Wilson. Mr. Stevens, from Pennsylvania, declared that advocates of free trade were striking at American labor, since English laborers were paid but one-half what those of the United States received. Mr. Wilson withdrew his amendment, and it was renewed several

times by other members. But Mr. Morrill's provision remained the same for some days.<sup>60</sup> Mr. Wilson's amendment was finally adopted.<sup>61</sup>

Debate on a number of other commodities likewise showed animosity toward Great Britain. Since salt was in so much demand, Mr. Humphrey proposed to decrease the duty. But one of his colleagues objected on the score that Liverpool salt was destroying the business in the United States. Mr. Driggs, of Michigan, suggested even higher rates, and was opposed by Mr. Benjamin. Mr. Price, of Iowa finally introduced an amendment, to lower rates on salt, that was passed.<sup>62</sup> Because England excelled all other countries in the production of soda ash, several representatives advocated higher duties to encourage its manufacture in the United States. Representatives Williams, Kelley, and Chandler, all favored thus stimulating the business in their country. But Mr. Morrill opposed such high duties, since experiments in this industry had failed in Vermont.<sup>63</sup> The House, after some months, agreed to a higher duty.<sup>64</sup> The manufacture of potassa was also causing rivalry between Great Britain and

the United States. Twenty five years before the country imported all its supply from Glasgow. After much expense some manufacturers of Baltimore had established such an industry, and had decreased the price. Now, it was proposed to protect these manufacturers by an increased duty. Mr. Creswell, from Maryland declared that the battle was between the manufacturers of Baltimore and those of Glasgow. But the amendment was rejected, and the rate left as the committee had arranged it.<sup>65</sup> The duties on vegetables and on linseed and flaxseed were raised. The former was to protect American nurserymen and gardeners from those of England;<sup>66</sup> the latter was for protection against the cheap labor of British India.<sup>67</sup>

A few comments on the tariff serve to give the attitude of some prominent men of the country. As early as 1852, Mr. Thaddeus Stevens charged the Democratic Party with protecting British to the detriment of American interests. He referred to the Walker Tariff of 1846 as a "British tariff." Mr. Stevens was speaking in the interests of the iron masters, and was urging

the West to adopt protection. These arguments had an application to the tariff controversy in the generation that followed.<sup>68</sup> In the tariff debate of 1867, Mr. Cattell, of New Jersey, spoke of British efforts to extend the free-trade principle to America. It was the plan of English capitalists and manufacturers, so wrote the United States Consul at Liverpool, to use such men as John Bright and Goldwin Smith, a prominent historian, in furthering their scheme. This plan was for the purpose of making England the workshop of the world. The Consul, however, believed that the purposes of John Bright and Goldwin Smith were worthy, that they were mere tools in the hands of English capitalists. Then Mr. Cattell went on to say that protection was just as necessary for the United States as it had been for Great Britain.<sup>69</sup>

It is evident that most Congressmen, during this period, were adherents of protection. It is also apparent that Eastern manufacturers and people of the Northwest supported Congress. During 1866 and 1867 especially, petitions from the state legislatures of Ohio, Wisconsin,

Minnesota, and Michigan, were sent to Congress. All these memorials asked for added protection on wool. Higher duties were also desired upon copper, iron, lumber, salt, dressed flax, and manufactures of these articles.<sup>70</sup> The Wool Growers' Convention, in 1866, also petitioned Congress for more protection to American wool growers.<sup>71</sup> A resolution was likewise sent by forty eight residents of Frankford, Pennsylvania, urging a higher tariff to protect American labor.<sup>72</sup>

These high tariff measures were passed in the face of much opposition. The Secretary of the Treasury, representatives of the American Free-Trade League, and writers in the Economist and Commercial and Financial Chronicle, were among those who endeavored to bring about tariff reform.

Reports from the Secretary of the Treasury, in 1866, 1867, 1868, 1871, and 1873 recommended tariff reductions. Mr. McCulloch, in his report for 1866, advised the reduction of customs duties, although he was not in favor of free trade. He stated that duties should not be so high as to be prohibitory, as to build up home monopolies, and as to prevent free exchange of commodities.

Neither should duties be so low as to impair revenue, and as to subject home manufacturers to competition with cheaper labor and larger capital.<sup>73</sup> The report of 1867 again recommended some reforms.<sup>74</sup> The Secretary, in the following year, stated that the enlightened sentiment of the country demanded that tariffs be for revenue and not for protection.<sup>75</sup> Mr. Boutwell, in 1871, advised decreased duties on salt, bituminous coal, hides, skins, and foreign articles used in the arts and manufactures of the country.<sup>76</sup> In 1873, Mr. Richardson, again recommended a revision of tariff laws.<sup>77</sup>

The American Free-Trade League sent a petition to Congress in 1866. Protection was for the interests of minority groups, they charged.<sup>78</sup> Representatives of this league were the subject of much attack in Congress.

An editorial in the Commercial and Financial Chronicle voiced the opinion of many American people. The fact was brought out, that recently, a certain man from Pennsylvania had, in Congress, spoken in favor of building

up a "Chinese wall between the United States and every other part of the world." But the majority of the people, according to this writer, opposed any such policy and stood with Mr. Kasson of Iowa. The manufacturing states should take warning of this public sentiment.<sup>79</sup>

The Economist was very fond of quoting Mr. Wells on American tariff policy. In 1870 his last report was summarized. The farmers were the principal victims of high tariffs, since they were compelled to buy in a protected market and sell elsewhere. The protected industries, woolen, cotton, and pig-iron, consumed only four and one-tenth per cent. of the entire agricultural output of the United States. In spite of the agreement between wool growers and woolen manufacturers, profits for both had been decreased. American manufacturers of copper had also suffered. The tariff was furthermore keeping out Canadian barley for brewing purposes, and was making the brewing industry unprofitable. Mr. Wells suggested a tariff for revenue rather  
80  
than one for protection. At a Free Trade Banquet



in Boston, Mr. Wells spoke on "Free Trade." He referred to the injury of protection to such manufactures as table-knives and hats.<sup>81</sup> Again in 1873, Mr. Wells was quoted as an opponent of protection. He said that duties of even 50 per cent. ad-valorem did not protect native industries. Wool was given as an example. The duty on wool and woolens had deprived American producers of a free choice of raw materials, and had made it impossible for good and cheap cloth to be made.<sup>82</sup>

These high tariffs did not receive the approval of even some strong protectionists. Mr. Morrill was never an advocate of extremely high customs duties. As in all else he was moderate.<sup>83</sup> Even so good a protectionist as Edward Stanwood said: "The Protectionists or rather let us say the protected manufacturers, found their opportunity in the necessity of the Government, and the bill is full of examples of their prowess." (He referred to the Tariff of 1864.)<sup>84</sup>

## Chapter V

### Shipping.

During the latter part of this period there was much agitation for the improvement of United States shipping interests. Many remedies were suggested to revive American navigation. It was urged that more American ships should be built so that commerce and the United States mail might be taken care of by American steamship lines. Ship subsidies were proposed as an encouragement to ship building. The Postmaster General especially emphasized the matter of subsidies.<sup>1</sup> The Secretary of the Treasury likewise urged the subsidizing of American lines. He also insisted on the removal of duties on materials used in ship building. The removal of restrictions for registration of foreign built vessels would furthermore encourage American shipping.<sup>2</sup> Several schemes were proposed in the Commercial and Financial Chronicle. Great Britain's efficiency was held up as a model. It was thought

that more competent marine officials should be appointed, and that more regard should be had for the comfort of ship employees.<sup>3</sup>

Then a discrimination of ten per cent. in favor of dutiable goods imported in American bottoms, had been proposed in Congress. The comment was, however, that foreign nations would probably reply with similar discriminations. A speedy return to reciprocal commerce with British North America would, it was believed, encourage ship building in the United States. The buying of foreign ships was also advised, since England could build them more cheaply than could the United States.<sup>4</sup>

Many resolutions and bills for the encouragement of American shipping were brought into Congress, especially during the latter part of this period. It was evident that Congressmen, as well as much of the country at large, favored building up the merchant marine.<sup>5</sup> It will be recalled that one of the causes, listed in Chapter Two, for the decline of American shipping was:

depredations during the Civil War by British privateers. The British nation was accordingly attacked to some extent in Congressional debates.

A bill, to establish an American line of ships to Europe, was passed and approved by the President, July 25, 1868. It seemed that many immigrants had been prevented from coming to the United States because of unfavorable shipping conditions. Mr. Hill, of New Jersey, spoke in regard to this bill, as follows: "Our national pride should forbid this aiding and fostering lines of steamships belonging to a country who have directly and indirectly aided our enemies and unlawfully imprisoned our citizens." The Representative was here referring to Great Britain.<sup>6</sup> A few days later, Senator Patterson, from the same state, also spoke in the interest of the bill. He thought that the bill should be passed, so that American postal matter would be carried in United States rather than in British vessels. The Government would then pay only \$400,000 for

sending the mail, whereas \$500,000 were paid to Great Britain. He also referred to the number of immigrants waiting to come to America. Furthermore, Mr. Patterson added, that with American lines the country would not be exposed, in time of war, to its enemies.<sup>7</sup> Mr. Morrill, then in the Senate, was also in favor of such a bill.<sup>8</sup> Mr. Nye, a Senator from Nevada, became much excited and declared, "I wish there was something done to drive every British ship from our shores that carries our mails and takes our money from us."<sup>9</sup> It appears that much of the animus of this bill was directed toward Great Britain.

The bill proposed in 1870, advocated: a drawback on materials used in the construction of vessels, exemption of ship stores and coal from import duties and internal taxes, and a tonnage duty of thirty cents per ton.<sup>10</sup> Mr. Wells, one of the Missouri Representatives, said that he would not revive embittered feeling against Great Britain for her part in destroying United States merchant ships. However, he

looked upon the " . . . passage or defeat of this bill as a triumph of American policy or a victory for the magnates of the Clyde and the huge foreign companies . . ." that controlled United States carrying trade. He went on to say that with the defeat of this bill " . . . the work of the Alabama and Stonewall would be complete."<sup>11</sup> It may be said here that Mr. Finkelnberg, of Missouri, attributed the cause of this decline in American shipping to too much protection of manufactures. Before long, he said, everything would be protected to death, and the epitaph would be: "Here lie American industry and commerce; died of too much protection."<sup>12</sup> The Wisconsin Representative, Mr. Washburn, then launched into an attack on Great Britain. That nation was principally responsible for the position of the United States on the ocean. He referred to statements of both Richard Cobden and John Bright. The former charged his countrymen: "You have been carrying on war from these shores against the United States, and have

been inflicting an amount of damage on that country greater than would have been produced by many ordinary wars." The latter acknowledged Great Britain's guilt. "We supply the ships, we supply the arms, the munitions of war; we give aid and comfort, to the foulest of crimes. Englishmen only do it."<sup>13</sup> Mr. Washburn went on to say that he was in favor of wresting from France and England what they had taken from the United States. If that could be done by means of discriminating duties, he was in favor of abrogating commercial treaties, and imposing a system of differential duties. However, he said that there would no doubt be retaliation by other countries. He then referred to the fact that some people declared England could not afford to place any such restrictions on American cotton and breadstuffs. This might be true in regard to cotton, but was not concerning breadstuffs. The time was coming when the United States must compete with the grain growing regions of Europe, especially Russia, in supplying England with

bread. Mr. Washburn then warned his fellow congressmen that, although England's course toward the United States during the war was "infamous", yet England was " . . . the most powerful nation on earth as well as the wisest and most far-seeing."<sup>14</sup> Mr. Wood, of New York State, referred to the British Government's avowels of good faith toward the North during the Civil War. But, said he, these avowels of Lord Russell were very damaging. "Of course John Bull does not want this bill to pass."<sup>15</sup> Mr. Butler was not in favor of the bill because it was for the aid of ship-builders, but not for the encouragement of ship-sailors. He had proposed an amendment to the effect: that there be a differential duty of twenty per cent. of the tariff rate in favor of goods imported in American vessels, that the rate be twenty-five per cent. if these vessels were iron ships. Such a measure would discriminate against Great Britain, and in great part against Spain and Portugal. He spoke of the



objection on the part of some to his amendment, in that foreign countries would refuse to trade with the United States. This Representative then made the astounding statement, that he wised they would. According to his interpretation, the United States was then suffering " . . . from over-trading and from over-importations . . ." He, like another Congressman, advocated a "wall of fire" around the United States. The best protection for the country would be the refusal of England and France to trade with America. Mr. Butler went on to say that, as to France and England discriminating against goods brought to their countries in American vessels, neither country could endure a cotton or a bread famine. Neither could England stand a tobacco famine. Nearly one-third of England's excise revenue was derived from tobacco.<sup>16</sup> But Representative Coburn, of Indiana, had no desire to take revenge on the English people. The most profitable and safest policy he said, was " . . . fair, open, bold, kind treatment of all nations."

He brought out the fact that men of different type were at the head of the British Government, than those during the rebellion. John Bright and Gladstone, both members of the British Cabinet, were friends of the United States. He was in favor of allowing reciprocal treaties to remain as they were. He also approved the building of American ships in any country.<sup>17</sup> This bill was recommitted.<sup>18</sup>

A bill was introduced in February of 1872, to aid commerce. By its provisions, at least one line of steamships was to be established between the United States and Great Britain. Lines also were to be established with Europe, the West Indies, Mexico, Brazil, Australia, New Zealand, and the Pacific Islands.<sup>19</sup> Mr. Lynch, of Maine, who was in charge of the bill, declared that the country could not compete with Great Britain if the former became dependent on the latter for the construction of vessels. Twelve years before Great Britain had decided that she must build better and cheaper ships if she would compete with those of the United States. In these twelve years the British nation had decidedly gained the advantage.

Therefore, said Mr. Lynch, "England cannot maintain her present ascendancy as a maritime Power if we have the wisdom to improve the advantages we possess." A motion to reconsider this bill was tabled.<sup>20</sup>

The remarks of Mr. Cox, Representative from New York, show what was the feeling, to a large extent, toward Great Britain. He observed that all nations, except the United States, might go to the Clyde and buy ships. Americans were accustomed to give as the reason, that they did not want to help Great Britain. Yet, said Mr. Cox, "Great Britain helps herself by our ignorance or stubbornness." " . . . And yet, we allow trade to be free between the States by land and sea, while toward our loving British cousins we are ready to bow our necks at Geneva but not at Glasgow."<sup>21</sup>

## Chapter VI

### Relations With Canada.

Not only did the United States Congress show resentment and retaliation in policy that affected Great Britain alone; but Canada, because she was one of Great Britain's dominions, was also an object of such policy. The abrogation of the Reciprocity Treaty of 1854 was probably the most outstanding example of retaliation on the part of the United States. Furthermore, schemes for the annexation of Canada were brought before Congress. Prohibitory duties on Canadian imports were likewise made a part of tariff schedules.

The discussions in Congress indicated that abrogation of the Reciprocity Treaty was desired by some, while others felt that a new treaty was desirable. These discussions began as early as 1860 and continued until 1865, when it was decided that the treaty should be abrogated.

To make clearer these Congressional discussions, the provisions of the Reciprocity Treaty are given:

Article I: United States inhabitants were allowed certain privileges in the fisheries of Canada, New Brunswick, Nova Scotia, and Prince Edward's Island.

Article II: The rights of British subjects in American fisheries were defined.

Article III: Certain articles, grown in Canada and the United States, were to be admitted into the other duty free.

Article IV: The rights of Americans in the St. Lawrence and on the Canadian canals were defined.

Article V: This treaty was to last for ten years. It could be abrogated by twelve month's notice from either party.

Article VI: Newfoundland was included in the treaty.

Article VII: Provisions for ratification.<sup>1.</sup>

In this treaty, signed by the British and United States Governments, Canada and the United States both received concessions. Article One was a concession to the American people, while Article Three was a concession to the Canadians.<sup>2.</sup> The navigation of the St. Lawrence was also looked upon by some as a favorable feature for the United

States. Mr. Collamer, of Vermont, thought otherwise. He opposed this treaty because, as he declared, of no feeling of resentment toward Great Britain, but because it was unfavorable to the United States. According to his statement, "the navigation of the St. Lawrence is not good for anything or anybody and never was". And as to the Canadian Canals, Americans paid higher tolls than the Canadians.<sup>3</sup>

The debates on this treaty during 1864 and 1865 showed the effect of Great Britain's attitude during the Civil War. The discussions during April and May of 186<sup>4</sup>~~5~~ were especially pertinent. A joint resolution was brought in by Mr. Ward from the Committee on Commerce. This resolution authorized the appointment of commissioners to negotiate a new treaty with Great Britain for the British Provinces of North America. The new treaty should be based upon true principles of reciprocity. These commissioners were not to act unless within a year Great Britain signified the wish to begin negotiations for a new and satisfactory treaty. This resolution

was ordered printed, and consideration was postponed.<sup>4</sup> (A joint resolution, authorizing the President to give the British government notice of the termination of the treaty, had been, in 1863, referred to the Committee on Commerce.)<sup>5</sup> Some Congressmen appeared to think it beneath the dignity of the United States to consider a new treaty. But Mr. Arnold, Representative from Illinois, thought otherwise. The Northwest would be injured by the abrogation of the treaty, since the avenue to the ocean would then be closed. He thought it was hardly wise to thus injure the trade of one section of the country merely because the British Government had acted in bad faith during the war. Mr. Arnold also brought out the fact that exports of grain since the war had begun had, to a considerable extent over-balanced the deficiency in cotton exportation. His amendment, as offered, was that the President give notice of the termination of the treaty, and appoint commissioners to consider another treaty if Great Britain desired. He proposed then, not to abrogate the Reciprocity Treaty

and cut off transportation for grain to the coast, but to remedy the defects of the existing treaty. Representative Moorhead, of Pennsylvania, advocated abrogation, and allowing Great Britain to make the next move. But, Mr. Arnold insisted, if Great Britain's conduct had been such as to make her an outlaw, his government should not treat with her at all.<sup>6</sup> Mr. Pike, of Maine, also showed much animus toward Great Britain. The conduct of the British Government, during the War, did not entitle that nation to consideration at the hands of the United States. He went on to say that the Canadian Provinces had also assisted the rebels. At any rate, the interests of the United States, rather than the good or ill will of any foreign power, should be considered. So he hoped that notice of abrogation would be given and that no further treaty would be made, for the time at least.<sup>7</sup> Representative Eliot then spoke in favor of the resolution in its present form. He referred to memorials from the Boards of Trade of Chicago, Boston, St. Paul, Minneapolis, and Milwaukee, and from the



State Legislature of New York. These memorials had been presented to the Committee on Commerce and asked for a more beneficial reciprocity treaty.<sup>8</sup> Mr. Sweat also favored a new treaty, and presented Resolutions from the Maine Legislature, to this effect.<sup>9</sup> The vote on Arnold's amendment resulted in a negative decision.<sup>10</sup>

Morrill had proposed a substitute for Arnold's amendment. This provided that the President give notice at his discretion, but there was no provision for a commission to negotiate a new treaty. Mr. Morrill stated that his resolution was not moved because of "petty spite". However, before the close of his speech he used phrases like, "British outrages upon justice, decency, and international law." In this speech Mr. Morrill offered three arguments in favor of abrogation. In the first place, this treaty was a money bill and therefore fell within the province of the House. Therefore, merely the consent of the Senate to the Reciprocity Treaty did not make it constitutional, according to Morrill's argument. In the second place, he said that this

treaty had been injurious to United States trade, since the balance was against the country. And in the third place, this treaty had failed to improve relations with Canada or to advance annexation of that country with the United States.<sup>11.</sup> But Morrill's substitute also failed to pass the House.<sup>12.</sup>

The Reciprocity Treaty still continued to be debated through the month of January, 1865. Senators Sherman, of Ohio, Sumner, of Massachusetts, and Conness, of California, all spoke in favor of abrogation. Mr. Sherman declared that all of Great Britain's tariff laws had been adopted for her own interests. That country could not, then, object, if the United States should, in regard to this treaty, consider only her own interests. He then mentioned some unfavorable features which resulted from trade with Canada under this treaty. According to his statement, goods sent from Canada to the United States were for the most part duty free; on the other hand, over half the exports from the United States to Canada paid duties. He was considering the results of the period from 1855 to 1862.

Furthermore the government had been compelled to increase the number of revenue posts and agents along the Great Lakes, so that so much smuggling from Canada might be prevented. As a result the expense of collecting customs had been increased more than tenfold. He added further, that under the present system of internal taxation in the United States, the treaty was beneficial to Canadian producers, farmers, and mechanics, and injurious to those of the United States.<sup>13</sup> Senator Sumner referred to the following considerations: the fisheries, navigation of the St. Lawrence, commerce between the two countries, and influence on the revenue of the United States. The Reciprocity Treaty had kept down a certain amount of irritation respecting the fisheries. But as to the advantages here, there was a difference of opinion. The people of Gloucester favored the treaty, those of Maine opposed it. As far as the St. Lawrence was concerned, the concession was little more than a name. Although commerce between the two countries had been increased, it was difficult to

decide how much of this development was due to the natural growth of population and of facilities of transportation, and how much was due to the treaty. The treaty had been detrimental to the revenue of the United States, during the ten year period. Mr. Sumner also quoted from Foreign and Domestic Commerce, 1864, page 93: "The treaty had released from duty a total sum of \$42,333,257 in value of goods of Canada more than of goods the produce of the United States."<sup>14</sup> Mr. Conness said, that it made no difference if abrogation of the treaty was received by Great Britain and Canada as a sign of unfriendliness on the part of the United States. He then referred to the policy of Great Britain upon the Pacific Coast, where she was endeavoring to make Victoria an English market. His government should likewise pursue her best policy, Mr. Conness said.<sup>15</sup>

A number of Senators also spoke of the advantages the treaty gave to the United States. Senators Ramsey, of Minnesota, and Hale, of New Hampshire, both felt that, with the abrogation of the treaty, their country would surrender decided advantages in the fisheries, in

navigation of the St. Lawrence, and in the use of the Welland Canal. Furthermore, the Lakes would then be isolated.<sup>16</sup> The Senator from New Hampshire went on to say: "If you abrogate this treaty it will be looked upon in Canada, it will be looked upon in Great Britain, and it will be looked upon in this country by some certainly, as a measure of retaliation springing out of a resentment, which I grant you is just, for some wrongs we have suffered at the hands of these colonies." But he did not favor abrogation.<sup>17</sup> Mr. Howe, of Wisconsin, was not inclined to accept the conclusion that the balance of trade was against the United States. He indicated that the Report of the Secretary of the Treasury on February 1, 1864, showed that balance of trade had been in favor of the United States in every year except 1860 and 1861. (The balances against United States were small during these two years.) But according to Canadian reports, the balances even in those two years were in favor of the United States.<sup>18</sup> Senator Hendricks, of Indiana, was very emphatic in his support of the treaty.

"Certainly no Senator now desires any embarrassments between this Government and Great Britain. I have heard of men who are very valiant who say that we can fight the whole world, defy Great Britain, defy France; but suppose we can, is it wisdom to do it? I do not suppose that any action we may take on this question will bring about trouble, but it does not increase the securities of peace; that is certain. No Senator claims that. It opens questions again which for the time being were settled. There are no commercial troubles that can come up between us and Canada while this treaty remains. I am not in favor of its abrogation just now, whether I may be in the end or not."<sup>19</sup> Mr. Hendricks showed an unusual amount of common sense in speaking in this fashion.

The Senate proposed to amend the House Resolution so that there would be no mention of commissioners to consider a new treaty.<sup>20</sup> The House concurred in the amended resolution.<sup>21</sup> It was approved by the President on January 18, 1865.<sup>22</sup> Notice was then

given to Great Britain, that within a year the Reciprocity Treaty should terminate.

Some diplomatic correspondence at this time showed regrets that the treaty was to be abrogated. Lord Russell had expressed such regret to Minister Adams, but felt powerless to bring about any better understanding between his government and that of the United States.<sup>23</sup> Lord Lyons, who had returned to England before Congress had come to a definite decision, depreacted this change. Minister Adams himself was not in favor of such action, thinking that political rather than commercial considerations had influenced Congress to favor abrogation of the treaty.<sup>24</sup>

The British Government, in the early part of 1866, proposed to the United States a renewal of the Reciprocity Treaty. Bruce, who had succeeded Lyons as British Minister at Washington, wrote Seward, that in view of the beneficial effects of the treaty, the British Government would like to renew the treaty in its original form, or if the United States desired,

in a modified form.<sup>25</sup> Secretary Seward referred the question to Congress.<sup>26</sup> The question was prolonged for some time. Finally at the close of 1869, Mr. Peters of Maine submitted to Congress a resolution to the effect, that a renewal of the Reciprocity Treaty with the British Provinces of North America would be wholly in favor of Great Britain, and should not be favorably considered. This resolution was agreed to by the House.<sup>27</sup>

The Economist, in 1868, gave three reasons for the abrogation of the Reciprocity Treaty. The Northern States were angry because certain Canadians had shown sympathy for the Confederates during the American Civil War. Then some sections of America thought Canada ready for secession and for union with the United States. Furthermore, the extreme Protectionists were anxious to apply exclusive duties to Canada.<sup>28</sup>

We find that there was some sentiment in Congress to discriminate against Canada in the tariff. In the House debate on March 6, 1866,



Mr. Grinnell, of Iowa, spoke against free trade with British North America. According to his analysis, free trade would be injurious to the interests of his country. In the first place, it would be a breach of faith with the capitalists. In the second, American operatives would be reduced to the standards of foreign labor. In the third place, the nation would be deprived of a cheap method of collecting revenue. And in the fourth place, the security of the United States would be decreased by the dispersion of labor and the closing of manufacturing plants. Free trade would further make the agriculturalist dependent on a distant market; it would also arrest immigration.<sup>29</sup>

On the day following the factious member of the House from Pennsylvania, Mr. Kelley, insisted on the protection of American coal from that of Canada. "How much England and her American Provinces did to protract and aggravate the war is known to all, and I am not willing they should derive advantage from their treachery."<sup>30</sup>

Mr. Morrill, in speaking on the tariff in June, 1866, made reference to duties on Canadian products. He said that there was no more reason for exempting from revenue, grain, flour, cattle, horses, wool, butter, and cheese, that were imported from the British Provinces, than there would be in the case of Great Britain. He declared, "In peace, the mother country and her colonies are all our friends; in war, they are not less our enemies."<sup>31</sup>

There was some agitation in Congress for the annexation of Canada. On June 18, 1870, Mr. Poland, of Vermont, brought into the House a joint resolution, to the effect, that the President open negotiations for the admission of the British Provinces of North America as States of the Union. This resolution was read twice, referred to the Committee on Foreign Affairs, and ordered to be printed.<sup>32</sup> In February of the following year, a resolution, looking toward the acquisition of British North American Possessions west of Hudson Bay, was introduced in the Senate. This resolution was

also referred to the Committee on Foreign Affairs.<sup>33</sup> In the months that intervened between the introduction of these two resolutions, the debate on the tariff showed some approval of such schemes. Mr. Peters, of Maine, argued against free trade with Canada as follows: There were political reasons why the United States should not have free trade with Canada. The British North American colonies were destined to become a part of the United States. If the United States relieved Canada of taxation, the latter would ~~thet~~longer remain subject to Great Britain. But if the United States continued the present policy of taxing Canadian products, annexation would result in a short time. In fact, several Canadian colonies had refused to join in the Canadian Confederation, and had expressed a desire for annexation to the United States.<sup>34</sup> When the question of the duty on malt came up, there was some tendency to decrease this duty, so that such universal beverages as beer and ale would not be so expensive. Mr. Judd, of Illinois, and Mr. Brooke, of New York, were especially in favor of such

a reduction. However, Mr. Kelley, as on former occasions, showed his unfriendly feeling toward Great Britain. He felt that he had a very good scheme to hasten the annexation of Canada. He would vote for any increase on Canadian products. (Malt was a Canadian product.) Mr. Kelley declared that, if the United States continued placing high duties on Canadian products, Canadian immigration to the United States would be increased. After a time so many Canadians would have immigrated that the few remaining ones, seeing the benefits of the protective system of the United States, would petition for annexation. Then American citizens would have, without duty, Canadian barley for their beer. Mr. Kelley concluded by saying: "And the great maritime and commercial enemy of our country, England, will not have a frontier extending from the eastern promontories upon the Atlantic to Puget Sound and the Pacific Ocean from which to harass us in war or in times of intestine trouble." The amendments for reducing the duty on malt failed.<sup>35</sup>

How much success did the United States

Congress have in using Canada as a means of retaliation against the British Government? The Reciprocity Treaty was abrogated; no new treaty took its place. Some examples of discriminating against Canadian products were evident in the tariff. But all schemes for annexing Canada to the United States failed.

## Appendix.

## An Anti-Protectionist Point of View .

"The greatest civilizer and assimilator of nations is commerce." This statement was made by Dr. Joshua Leavitt of New York, in 1868, when he wrote his essay, "On the Best Way of Developing Improved Political and Commercial Relations between Great Britain and the United States of America". (This essay received the prize of the Cobden Club for that year.) Dr. Leavitt declared that the two countries had the greatest possible interest in continuing mutual good will. He strongly disapproved of all retaliation against Great Britain. He referred to the protective system in the tariff as originating with the British nation. The United States naturally adopted this system. According to Dr. Leavitt, the protective system had for its vital principle national antagonism. The supposed traditional hatred of England, resulting from the American Revolution was intensified by the belief that British commercial policy was governed by a single aim; that aim

was to destroy American manufactures. He further declared that the Protective policy in the United States could not stand except as an expression of hostility to England. The United States did not have the same attitude toward France and Germany; even advocates of protection admitted the truth of this. Dr. Leavitt also suggested an "Anglo-Saxon Customs Union" with Great Britain, Canada, and the United States as members. He pointed to the success of the German Zollverein. This was a propitious time to discuss such a question, as the United States and Great Britain both were taking new departures in their national careers. Great Britain had just passed the Reform Bill of 1867; in the United States slavery had been abolished. Increase of friendly relations depended mainly in the increase of freedom in mutual intercourse.<sup>1.</sup>

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